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Senate Backs Reagan on AWACS Sale

Millions of Polish Workers Join 1-Hour Protest Strike

By Michael Dobbs

Washington Post Service

WARSAW — Millions of Polish workers Wednesday took part in a one-hour strike organized by the independent Solidarity trade union to protest the Communist government's economic policies and alleged harassment of union activists.

Solidarity officials claimed that the nationwide strike, the biggest single action to be staged by the union in seven months, was a dramatic success. On the basis of reports from factories, mines and public transportation companies throughout Poland, the union's information agency in Warsaw said the protest had attracted between 90 and 100 percent support.

These figures were disputed by Communist Party officials. They did, however, concede that many rank-and-file party members had joined the strike in defiance of instructions from the party leadership.

The strike was denounced as a political provocation by the new Communist Party chief, Gen. Wojciech Jaruzelski, at a meeting of the policy-making Central Committee in Warsaw. The army newspaper, *Zolnierz Wolnosci*, described it as "blackmail ... designed to push Poland into crises reminiscent of Hungary in 1956 and Czechoslovakia in 1968," when reform movements were crushed by Soviet intervention.

Demonstration of Support

Western analysts saw the strike as an impressive demonstration of public support for Solidarity despite Poland's mounting economic difficulties and political tensions. It appeared to disprove suggestions that the union's standing in the country had been seriously undermined as a result of widespread food shortages.

The timing of the strike clearly complicated Gen. Jaruzelski's efforts to reshape the government and party leadership. Addressing the Central Committee, he indicated that major personnel changes had been postponed for the time being.

Using a military metaphor, he said: "Today we find ourselves under extremely heavy fire from the opponent — and one does not car-

ry out a broad maneuver while under fire."

A promised shakeup in the party Politburo was confined to the election of the deputy defense minister and army chief of staff, Gen. Florian Siwicki, to the 15-man body. The move was seen as yet another step toward the increasing involvement of the army in public life.

Action to Limit Strikes

Another party leader, Politburo member Kazimierz Barcikowski, raised the prospect of new, but still undefined action against Solidarity should the union not halt the industrial unrest now sweeping the country. He said the Sejm would be taking action to limit strikes at its meeting on Friday.

He added: "Should Solidarity's conduct remain unchanged, other

far-reaching decisions designed to protect the vital interests of the nation and state will become indispensable."

At a meeting last week, the Central Committee called on the Sejm to pass a law temporarily banning strikes. But an outright ban has been opposed by the small Democratic Party, the Communist Party's junior coalition partner, and it is not clear whether it will be accepted in its original form by the legislature.

Wednesday's nationwide strike began at noon with the sounding of factory sirens all over Poland. Health services, radio and television, and electricity plants were exempted from the protest but workers showed their support by wearing red and white armbands.

In schools, teachers staged a

symbolic protest by suspending normal classes and instead exploring to pupils the reasons for the strike. Solidarity has demanded the establishment of an independent socio-economic council to monitor the government's economic policies and called for a halt to the prosecution of union activists and closure of uncensored union publications.

In calling for a nationwide strike, Solidarity leaders also appealed for an end to uncoordinated local protests.

Addressing strikers at an electric-lightbulb factory in Warsaw, Solidarity leader Lech Walesa said he hoped the strike would be the last of its kind. In future, he said, the union should organize "active" strikes by temporarily taking over the role of management and distributing goods directly.

Jaruzelski Assures Brezhnev

MOSCOW (Reuters) — Gen. Jaruzelski has assured Soviet President Leonid I. Brezhnev that the Polish party considers the defense of ties with Moscow as its highest duty.

In a telegram addressed to Mr. Brezhnev, the Polish leader thanked the Soviet Union for its help and understanding during Poland's political and economic difficulties. It was his first published message to Moscow since he was elected party leader on Oct. 18.

"We consider the effective defense of Socialism, the further deepening of friendship between our nations and the fraternal alliance of our parties and states our highest duty," the message said.

East Germany Attacks Union

BERLIN (AP) — The East German news agency Wednesday accused Solidarity's "counterrevolutionary leadership" of seeking to plunge Poland into chaos through the one-hour national warning strike.

In a dispatch from Warsaw, ADN charged the union with using "psychological terror" in a campaign aimed at "setting aside Socialism in Poland and seizing power for itself."



Despite the one-hour strike proclaimed by Solidarity Wednesday, it was business as usual at this cosmetics stand in Warsaw's biggest supermarket. Some plants and stores did not close.

Saudis Urge Arab Governments Not to Pressure Egyptian Leader

By Ihsan A. Hijazi

New York Times Service

BEIRUT — Saudi Arabia has called for a reconciliation with Egypt and has urged Arab states not to bring pressure to bear on President Hosni Mubarak to force him to abrogate the peace treaty with Israel.

The call was made Tuesday in a front page editorial in the Saudi newspaper *Al Mada'ina*. All media in the Saudi kingdom are under direct government control.

[West Germany and Saudi Arabia Wednesday called for support for the Egyptian president, a Bonn government spokesman said, according to Reuters.]

[He said that Saudi Crown Prince Fahd had expressed his government's position to Chancellor Helmut Schmidt during a brief stopover in Bonn on his way back from the North-South summit conference in Cancun, Mexico.]

"They agreed that the new Egyptian president deserved trust. Both heads of government called for support for the political line of the Egyptian president," the spokesman said.

The Saudi newspaper said that Mr. Mubarak should be given a one-year grace period to put the Egyptian house in order.

"We do not and must not expect President Mubarak to abrogate the Camp David agreements at this time for a number of reasons which are understood by those acquainted with international convention," the newspaper said.

The editorial was taken by analysts here as evidence of the desire of conservative Arab regimes to re-establish relations with Cairo.

Similar Views in Kuwait

The press in Kuwait had expressed similar views. The leading Kuwaiti daily, *As Siyassah*, warned the Arabs that forcing Mr. Mubarak to renege on the peace treaty with Israel would be used by Jerusalem as an excuse not to withdraw from the rest of the Sinai as scheduled in April.

Saudi Arabia and Kuwait were among the Arab states which severed all diplomatic, political and economic ties with Egypt in 1979 after the late President Sadat concluded the peace treaty with Israel.

Analysts noted that the readiness by certain Arab regimes to forget the past with Egypt showed that they now take the Egyptian-Israeli peace treaty as an accomplished fact.

However, other Arab governments and the Palestine Liberation Organization have taken an opposite stand. Iraq, Syria, Libya and the PLO have warned against overtures toward Mr. Mubarak as long as he maintains his relations with the Israelis.

The Saudi stance on the Middle East has become a subject of controversy in the Arab world, which is now divided over the proposals presented in August by Crown Prince Fahd.

Syria, Libya, Algeria and Iraq have spoken openly against the eight-point plan, which called, among other things, for the creation of an independent Palestinian state on the West Bank of the Jordan River and in the Gaza Strip, currently under Israeli occupation and recognition of the right of every state in the region to live in peace. It was assumed that the latter provision covered Israel.

President Wins Test 52 to 48

The Associated Press

WASHINGTON — The Senate approved President Reagan's record \$8.5-billion AWACS sale to Saudi Arabia on Wednesday, crowning an intensive lobbying effort that reversed long odds and delivered a stunning victory in the president's first major foreign policy test in Congress.

The Senate rejected 52 to 48 a veto resolution that would have scrapped the sale of the sophisticated Airborne Warning and Control System radar planes and F-15 jet weaponry to the Saudis. The president needed 50 votes; a tie would have gone to him.

The House voted 301 to 111 against the package two weeks ago, and, as late as Tuesday, Senate opponents remained confident that they had more than enough support to do the same. For the sale to be blocked, both houses would have had to veto it by a majority of members voting.

Earlier, the president told the Senate in a letter that the sale is invaluable to U.S. security interests, "improving both our strategic posture and the prospects for peace in the Middle East."

But opponents called it a threat to Israel and fuel for a Middle East arms race, and said it posed a risk of losing secret AWACS and missile technology to the Soviet Union or radical Arab nations if the Saudi government were overthrown. Mr. Reagan called it a test of his command of U.S. foreign policy.

Fuel for anti-Semitism seen in AWACS controversy, Page 3.

The package involves not only the sale of five AWACS planes to Saudi Arabia, but also 1,177 Sidewinder missiles, 101 fuel pods and six flying tankers to stretch the range and firepower of the F-15 jets that the Saudis already have.

The president devoted Wednesday to buttonholing senators; two were summoned for private talks in Mr. Reagan's study. The lobbying campaign rivaled the intensity of his successful effort to cut government spending and taxes.

"He makes persuasive arguments based on the fact that we only have one president to live in the United States at a time," Sen. Edward Zorinsky, a conservative Democrat from Nebraska, said after 40 minutes with Mr. Reagan. "He indicated that it is difficult for him to conduct foreign policy with a defeat of this nature."

At least three Republican opponents switched to Mr. Reagan on Wednesday: Slade Gorton of Washington state, William S. Cohen of Maine and Mark Andrews of North Dakota.

Hours before the vote, Mr. Reagan declared in his letter to the Senate that the sale is no threat to Israel, and that Americans will be involved in the Saudi operations "well into the 1990s."

Earlier Wednesday, House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, expressed surprise over how Mr. Reagan reversed the tide in the Senate from what once seemed sure rejection. "He is showing awesome power," Rep. O'Neill said.

The senators debated the issue right until the bells rang out summoning them to the vote.

Arizona Republican Barry M. (Continued on Page 2, Col. 5)

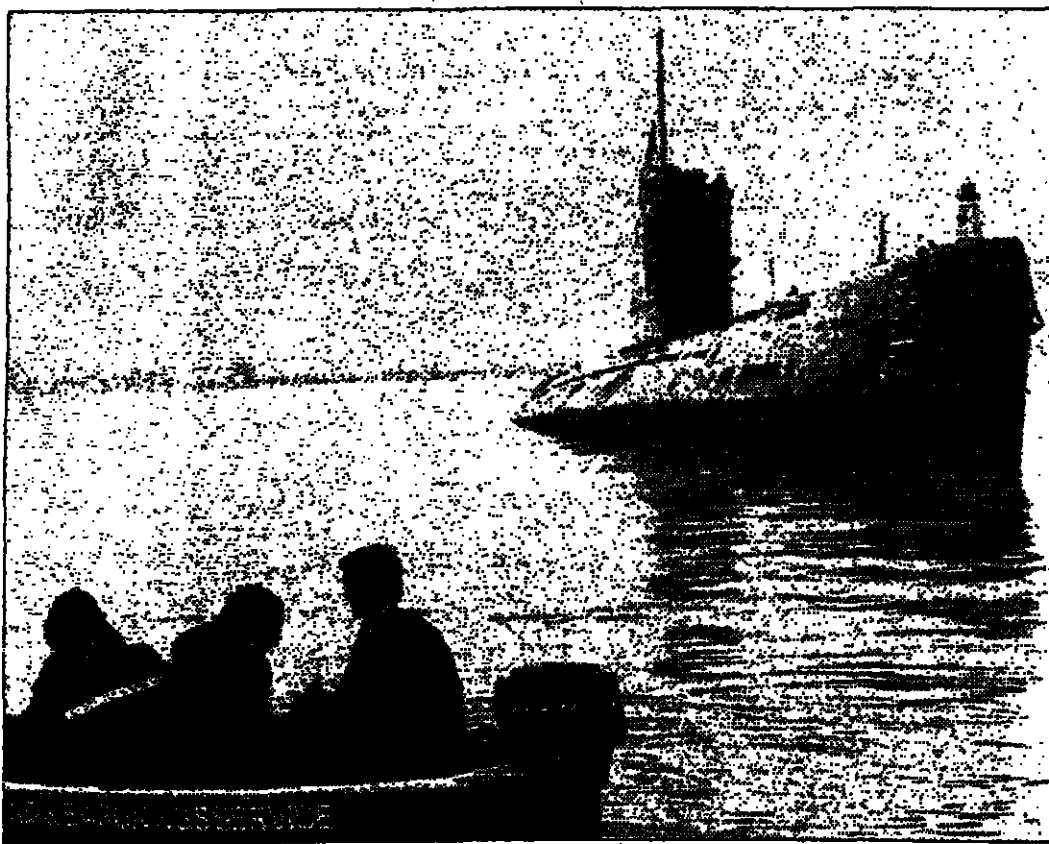
Air France Plane Is Intercepted by Syrian Fighters

DAMASCUS — Syrian fighter planes forced an Air France Boeing 747 to land at Damascus airport Wednesday night because it was on an unauthorized flight path, the Syrian news agency Sana reported.

It said the plane was later allowed to resume its journey after the pilot apologized for his mistake. The airliner was on a routine flight from Paris to Karachi when Syrian fighters intercepted it and forced it to land.

In Paris, an Air France spokesman said the plane had nearly 300 people aboard. "We think it's over," the spokesman said. "The Air France pilot told us the Syrians forced him to land after he accidentally crossed restricted space. They've told him he can continue after taking on fuel." He added: "We still don't know the details of what restricted space he went over, whether it was civilian or military and what caused the error."

[The Associated Press, reporting from Damascus, quoted an official source as saying that the Air France jet was intercepted after it strayed off course over Lebanon's Bekaa Valley, where Syrian anti-aircraft missile batteries are stationed.]



Soviet submarine of Whiskey class ran aground in Swedish waters in archipelago near Karlskrona.

Soviet Ships Reported Off Sweden After Sub Is Grounded Near Base

The Associated Press

STOCKHOLM — A Soviet naval force of about 10 ships was reported to have appeared at Sweden's territorial limit Wednesday night, off the prohibited military zone where a Soviet submarine was stranded earlier in the day.

Swedish authorities ordered naval and air reinforcements to the area. But they played down the possibility of a naval confrontation following Sweden's refusal to allow the Soviet Union to send assistance to its grounded sub. The Soviet submarine was grounded near a top-secret naval base area off the city of Karlskrona.

'Out of Question'

Diplomatic conversations were reported under way after Sweden lodged a sharp protest against the submarine's illegal entry. The Swedish defense minister called the incident "the worst Soviet violation of Swedish territorial waters in postwar years."

Rear Adm. Bengt Schuback, the chief of the Swedish defense staff, earlier called the intrusion "unique" and said that Soviet as-

istance for the disabled sub was "out of question."

[The Soviet Union maintained a strict silence Wednesday on the grounding of its submarine, but diplomats said that the incident could be politically damaging for the Kremlin, Reuters reported from Moscow.]

[Neither Tass nor Soviet television made any mention of the incident nor of the Swedish diplomatic protest. Soviet officials refused comment.]

[Diplomats said that Moscow may be all the more embarrassed by the affair because it has been trying to convince Sweden and other Scandinavian countries to agree to set up a nuclear weapons-free zone in the region.]

[The Kremlin's main argument that there is Soviet threat to the Scandinavian states would lose its credibility in the face of what appeared to be evidence of military espionage on Swedish defense installations, the diplomats said.]

The Soviet submarine, of the small-size "Whiskey" type, carries a 50-man crew. It sailed into the prohibited area of the southeast-

Swedish archipelago Tuesday night and was firmly grounded.

At daylight Wednesday, Swedish fishermen spotted the sub flying the Soviet naval flag after it obviously had been trying desperately to get off the ground throughout the night. This was the first time a Soviet submarine had been caught in a Swedish prohibited area and identified.

The flotilla which moved to the Swedish territorial limit of 12 nautical miles off Karlskrona late Wednesday consisted mostly of submarine salvage and assistance vessels, but also included two destroyer-type warships, Swedish naval spokesmen said.

The Swedish Navy has three or four torpedo boats and a few coast guard patrol vessels and helicopters guarding the area. A Swedish naval force of more small ships was steaming at top speed south from Stockholm, the spokesmen announced.

Adm. Schuback said that "it would be completely fantastic to imagine some sort of Soviet naval action in peace time to free the

U.S. Planes in Greece, Instead of Heading North, Veer South to Listen In on Libya

By Loren Jenkins

Washington Post Service

ATHENS — Hardly a day goes by without a special U.S. Air Force electronics surveillance plane taking out onto the runway of the Athens International Airport here and, between the busy comings and goings of regular commercial airliners, lumbering off into the sky over the blue Aegean Sea.

The plane, of a generation that predates the sophisticated AWACS (Airborne Warning and Air Control Systems) jets so much in the public debate these days, is one of two operating regularly from the U.S. Air Force base at Hellenikon, a facility so small and cramped by the mushrooming Athenian suburbs that its only available runway is that of the adjacent international airport.

The special U.S. planes have been flying out of here so long that their appearance on the runway among the commercial jetliners raises no more eyebrows than the latest charter flight from Stockholm arriving full of pale tourists seeking a tan on one of the nearby Mediterranean islands.

Neither is there any mystery that the jets' mission is one of electronic spying, listening to radio

communications far beyond the frontiers of hostile territories it dare not fly over.

But what is not generally known is that once the spy planes are in the air they rarely turn north to listen in to radio conversations behind the borders of the Soviet Union and its Warsaw Pact allies as is normally believed.

Instead, more often than not, they veer south toward North Africa to listen in on communications in Col. Moammar Qadhafi's Libya, the Reagan administration's chief enemy in the Mediterranean.

The electronic eavesdropping on Libya conducted from U.S. bases in Greece is not something U.S. officials have ever liked to talk about. Since the landslide victory of Premier Andreas Papandreu and his Pan-Hellenic Socialist movement in national elections 10 days ago, it is a subject that actually makes U.S. officials squirm.

There is good reason for their discomfort. Mr. Papandreu and his party, Pasok, ran for election on a platform that included as a major plank the closure of U.S. bases in Greece. Pasok's nationalistic and often neutralistic foreign policy also advocated Greece's withdrawal from the North Atlantic Treaty Organization.

Successive conservative Greek governments

have defended the retention of the U.S. bases on the ground that they enhance the defense of the Atlantic alliance as well as Greece's own security from a common Communist threat from the Soviet Union and its Warsaw Pact allies to the north.

But despite Washington's obsession with Libya, by no stretch of the imagination can it be said to fall under NATO's mandate. It also is hardly viewed as a threat to Greece by Mr. Papandreu who has made close identification with the Third World, especially the Arab states like Libya that ring the eastern and southern edges of the Mediterranean, a canon of his foreign policy faith.

Having been sworn in a week ago as both premier and defense minister, Mr. Papandreu should have learned by now in briefings from his defense chiefs that at least two of the U.S. bases he has so long challenged — the U.S. Air Force installation at Hellenikon and an Air Force-run fixed radio communications monitoring installation near Heraklion on the island of Crete — are spending more time listening in on Libya than on NATO's Communist opponents in the north.

Such news is not believed to have been gratifying to the new Socialist premier. In his only comment on the U.S. bases since his election, Mr. Papandreu told a U.S. television network inter-

viewer earlier this week that he would not act "unilaterally" to close the bases and is ready to seek negotiations on the basis under which they could continue operations in the short term. He added, however, that he would insist on some form of Greek "control and information" on the bases to prevent "a military operation from Greek soil against any third country with which Greece has good relations."

By comparison with other U.S. bases abroad, the Greek installations that have fired so many political tempers are small. They contain about 3,500 U.S. military personnel and as many dependents. Most of the U.S. military presence is based in and around Athens where both the air base of Hellenikon and a U.S. Navy communications base at Nea Makri are situated. The other two bases are on opposite ends of the island of Crete: a U.S. Air Force radio monitoring installation outside of Heraklion and a Navy landing strip and fleet supply depot outside the Greek Navy base of Souda Bay, one of the Mediterranean's largest and most secure anchorages.

Significantly, the first foreign diplomatic envoys to be granted an audience with Mr. Papandreu after his election were representatives of

Syria, Algeria, Iraq, the Palestine Liberation Organization and Libya.

Before the windup of his campaign, Mr. Papandreu stated that he would be prepared to negotiate control of the bases and the bases under which they would be allowed to stay "for some time." He has since indicated that he is in no hurry to tackle the issue.

Papandreu, U.S. Envoy Meet

ATHENS (Reuters) — Mr. Papandreu held his first talks Wednesday with U.S. Ambassador Montague Stearns. In comments after the meeting, neither man broached the question of U.S. bases in Greece, but Mr. Papandreu said in interviews later that he expected to begin negotiations early next year with the United States.

A conservative Athens daily, *Kathimerini*, said Wednesday that Mr. Papandreu may be invited to visit the United States before the end of the year. The newspaper said both governments considered it expedient that a meeting at the highest level take place before the opening of negotiations over the bases.

Study Finds A-War Not Manageable

Military Commands Would Lose Control

By Joseph Fitchett
International Herald Tribune

PARIS — A detailed study of U.S. and Soviet systems for issuing orders in a nuclear war concludes that it is impossible for either superpower to envisage waging and winning a limited nuclear war.

Once a nuclear war started, the study says, leaders on both sides probably would quickly lose the ability to control any escalation of hostilities as their command and control facilities were knocked out of action and leaders came under political pressure to act, according to the study.

The issues raised by the study — the planning for limited nuclear war and the feasibility of this approach to nuclear strategy — lie at the heart of the current Western debate about nuclear weapons.

Disarmament groups have accused the United States of adopting weapons and plans for a limited nuclear war in Europe.

The study, written by Australian researcher Desmond Ball and published by the International Institute for Strategic Studies in London, concludes that "there can really be no possibility of controlling nuclear war" once it starts.

This conclusion runs counter to the argument that the superpowers are making preparations for a nuclear war confined to Europe. Such a strategy, the study says, is implausible.

"Nuclear weapons are simply too powerful and have too many [unpredictable] effects to be used in a precise and discriminatory fashion," Mr. Ball wrote.

Western strategists have contended that limited nuclear strikes have to be envisaged as part of the overall concept of deterrence, but Mr. Ball said that this is unrealistic. First, command facilities are too vulnerable, and second, it is doubtful whether the Soviet Union would cooperate in any U.S. attempt to limit nuclear exchanges, he asserted.

Leaflets in Haiti Call On Military to Rebel

PORT-AU-PRINCE, Haiti — A small plane has dropped thousands of leaflets over this capital city, calling on the military to rebel against the president-for-life, Jean-Claude Duvalier, authorities say.

An official spokesman said Tuesday that the leaflets were dropped early Monday and that police and soldiers were dispatched to clean them off city streets. According to the leaflets, a man named Bernard Sansaricq announced the formation of a National Haitian Popular Party.

Hong Kong Trying to Reduce Tons of Litter

HONG KONG — The government has launched a multimillion-dollar campaign aimed at cleaning up Hong Kong.

The goal is to rid the colony of the thousands of tons of garbage casually dropped or deliberately dumped on streets and into the harbor and to discipline the 5,000 people who are caught littering each month.

Some of Hong Kong's mess can be blamed on the dust and dirt from construction sites that are just about everywhere in the colony: From bits and pieces that fall off the backs of trucks to the discarded material that inevitably accompanies building projects.

But much more accumulates from street hawkers and shopkeepers who illegally deposit their baskets of garbage at the most convenient spot, which is not usually an authorized dump.

And there are those who take the shortcut to garbage disposal in high rise apartment

blocks by simply chucking it out of the window or down the stairwell.

The government has set aside 16 million Hong Kong dollars (about \$3 million) for the 14-month campaign, plus 47 million Hong Kong dollars (about \$8 million) for local administrations to buy and install new equipment.

To back up its campaign slogan, "Cleanliness Is a Way of Life," the government will increase penalties for littering, employ several hundred extra persons, extend the authority of those who can issue summonses on offenders and try to educate Hong Kong's 5 million people into being more tidy.

"We want the community to be ashamed to litter," said campaign coordinator Martin Lewis.

He said that about 16,000 government officials would be involved in the campaign. He added that while the maximum fine for tossing litter in the street was 1,000 Hong Kong dollars (\$165), the average fine im-

posed in court was 100 Hong Kong dollars (\$16) and the cost of prosecuting 150 Hong Kong dollars (\$25).

Hong Kong's garbage problem is probably no worse than that of many other Asian cities. But the concentration of people in such a small area — with 4,850 people per square kilometer, it is one of the most densely populated places in the world — makes it more noticeable.

Many callers to phone-in television programs cite the example of Singapore as a place of comparable size that managed with in a short time to tidy itself up and can now boast an image of being Asia's cleanest country.

However, many doubt that Hong Kong's colonial administration will be able to apply Singapore's strong-arm techniques, which included public embarrassment for an offender, swift direct action by police on litter bugs and very heavy fines.

Angola Says Town Hit by South Africa

Western Group Meets Leaders in Cape Town

LISBON — The Angolan Defense Ministry has charged that South African troops, under heavy air cover, attacked a town deep inside southern Namibia province during the 24-hour visit to 1,000 miles of Western representatives seeking independence for South-West Africa (Namibia).

South Africa said Wednesday that it has no forces in Angola and described the Angolan report, which came late Tuesday, as "blatant lies and pro-Soviet propaganda."

In Cape Town, meanwhile, the Western group conferred for four hours with leaders of South Africa's white-minority government on a plan to institute a constitution in Namibia and bring the territory to independence under black-majority rule next year. In Windhoek, Namibia's capital, where the Western delegates were to go later Wednesday, white nationalists denounced the plan.

An account of the Angolan Defense Ministry announcement, carried by the Angolan news agency and received Wednesday in Lisbon, said airborne South African troops were dropped Monday onto a town, about 124 miles (200 kilometers) north of Angola's border with Namibia.

The UN-sponsored Western "contact group," representing the United States, Canada, France, West Germany and Britain, arrived from Nigeria for talks with Angolan officials and Namibian guerrilla leaders the same day.

The ministry report said South African aircraft attacked Angolan positions around Caxambu in the early morning before helicopters dropped troops by two outlying villages.

The Defense Ministry said "violent combat" between its troops and the South Africans continued through Tuesday. It said Angolan forces shot down two South African impala MK-2 aircraft and a Fuma helicopter.

In Luanda the Western group had separate meetings with high-level delegations from the Angolan government and the South-West African People's Organization (SWAPO) on new proposals for an end to South African rule over Namibia.

A South African spokesman responded to the Angolan report, "If heavy fighting is really taking place in southern Angola... it must be a case of mistaken identity. We deny we have any occupying forces in Angola."

South Africa conducted a major military incursion into Angola two months ago against SWAPO bases but has denied subsequent Angolan assertions that South African troops continue to raid or hold parts of Angola.

In Windhoek, about 1,000 people attended a rally Tuesday night at which nationalist white leaders condemned moves toward independence.

"We do not recognize the authority of the United Nations over South-West Africa," said Sarel Becker, leader of the Herstigte National Party.

Referring to UN military personnel expected to be placed in Namibia to ensure that South African and SWAPO forces stop fighting, Mr. Becker said, "If UN forces arrive in South-West Africa, we will view them as enemy troops and an occupation force."

Peter Kalangua, president of the multiracial Democratic Turnhalle Alliance, Namibia's largest internal political party, gave the latest Western plan his personal endorsement. "I find no fault with that document. It is very straightforward," he said.

Charge Dropped Against Le Monde

PARIS — Charges have been dropped against the newspaper Le Monde, which had been accused of "casting discredit" on the French court system during the term of former President Valéry Giscard d'Estaing in articles suggesting that the courts could be arbitrary and politically motivated.

A Paris court closed the case Monday against publisher Jacques Fauvet and reporter Philippe Boucher, who had written most of the incriminated articles, as part of the amnesty granted after the May 10 presidential election in which Socialist Francois Mitterrand defeated Mr. Giscard d'Estaing.

The court did not consider the merits of the case nor of the little-used 19th century law under which former Justice Minister Alain Peyrefitte accused the newspaper of "attacking the authority and independence of the judiciary."

U.S. Nominee Cites Unesco Press Issue

WASHINGTON — President Reagan's nominee as U.S. ambassador to Unesco has promised to fight any attempts to restrict freedom of the press, such as licensing reporters.

"Any attempt at infringement of what we understand as First Amendment rights and particularly at adopting restrictive measures such as licensing of journalists by governments will be resisted uncompromisingly and without hesitation," Jean Gerard told the Senate Foreign Relations Committee on Tuesday.

Mrs. Gerard told the committee she expected that press issues would take a large proportion of her time.

Senate Backs Reagan on Saudi Jet Package 52-48 in First Major Foreign Policy Test

(Continued from Page 1)

Goldwater said: "I am absolutely convinced the turning down of this sale could lead to war in the Middle East."

But Republican John C. Danforth of Missouri asserted: "It is conceivable... that the United States is inadvertently laying the foundation for the next war in the Middle East."

Democrat Donald W. Riegle of Michigan said, "We are building a powder keg in the Middle East with the same recklessness that plunged us deeper and deeper into Vietnam years ago."

Backers of the sale said a veto would cripple Mr. Reagan's ability to conduct foreign policy. But Democratic Sen. Gary Hart of Colorado said, "He should have thought about that before making a solid commitment to Saudi Arabia without consulting Congress or our allies."

Four of the 24 AWACS aircraft in the U.S. inventory already are operating with U.S. crews in Saudi Arabia. Under provisions of the sale, the Saudis will receive five AWACS in 1985, but they will be models without advanced features such as jam-resistant communications devices.

Conditions Imposed

Mr. Reagan, seeking to ally fears that a Saudi Arabia armed with AWACS jets will tip the balance in the Middle East against Israel, wrote in his letter that conditions had been imposed to ensure that that would not be the case.

The president pledged that U.S. personnel will be able to monitor air and ground security arrangements to protect the secrecy of the high-technology planes. And he said Saudi cooperation in the

Mideast peace process will be a condition of the sale.

If the Saudis violate any of the agreements, Mr. Reagan told the Senate, "the sale will be canceled and no equipment or services will be delivered."

The Saudis have agreed to use the AWACS planes for defense only, he said, and they will share the radar information with U.S. personnel. That, he said, precludes any possibility that the planes could be used to coordinate an Arab attack against Israel.

"This sale will enhance our vital national security interests by contributing directly to the stability and security of the critical area from the Persian Gulf through the Middle East to North Africa," Mr. Reagan wrote.

AWACS Roll Call

WASHINGTON (UPI) — Following is the roll call on the 52-48 vote by which the Senate rejected the resolution of disapproval that would have killed the sale of AWACS to Saudi Arabia.

For: (48) Republicans for (12): Boschwitz, Minn.; D'Amato, N.Y.; Danforth, Mo.; Durenberger, Minn.; Hatfield, Ore.; Hawkins, Fla.; Heinz,

Correction

A United Press International caption under a picture of U.S. Ambassador Arthur A. Hartman that appeared in Tuesday's International Herald Tribune incorrectly said he was flanked by two Soviet military officers as he presented his letter of accreditation at the Kremlin. The officials were Soviet diplomats wearing the dress uniform of the Soviet foreign service.

WORLD NEWS BRIEFS

Salim Apparently Out of UN Race

UNITED NATIONS, N.Y. — Tanzanian Foreign Minister Salim Ahmed Salim appeared to have been eliminated Wednesday in his bid to become secretary-general of the United Nations as other candidates prepared to present themselves.

In two rounds of secret balloting Wednesday in the Security Council, incumbent Kurt Waldheim was again vetoed. Diplomats said China had cast the veto. Mr. Salim was also vetoed, reportedly by the United States, and then fell short of the nine votes needed in the 15-nation security council. Representatives of member states of the Organization of African Unity, for whom he was official candidate, were expected to discuss whether to support another candidate, perhaps a Latin American.

The Security Council was recessed until Friday, and Jean J. Kirkpatrick, the U.S. chief delegate, appeared to open the door to other possibilities when she said she hoped the recess would be long enough to permit others to make clear that they would run for the office.

Thatcher Bars New Economic Policy

LONDON — Prime Minister Margaret Thatcher on Wednesday rejected opposition demands for radical policies to solve Britain's economic problems and said her government was resolute in pursuing its strategy.

Mrs. Thatcher, defending her monetarist policies against a parliamentary no-confidence motion for the second time in three months, told the House of Commons: "We are resolute in pursuit of the strategy but we are inflexible in our tactics in the face of a recession are wholly unfounded."

Her policies are blamed by the Labor Party for an unemployment level of nearly 3 million. Labor leader Michael Foot: "We say this government has not the confidence, the will, the imagination or the humanity to solve these problems, and therefore, we invite this house and the country to throw them out."

Air Controllers Union Ends Strike

WASHINGTON — The Professional Air Traffic Controllers Organization on Wednesday declared an official end to its three-month strike in the hope of strengthening the court appeal of its decertification.

However, administration officials said the surrender would change nothing and the 11,500 strikers would not be allowed back to work.

The union filed its end-of-strike notice with the Federal Labor Relations Authority, the agency that voted last week to strip it of its bargaining rights on behalf of federal air traffic controllers. The union, which officially decertified Tuesday when an appeals court refused to delay the decision. The union is appealing the case.

Bonn Deputies Back Iranian Exiles

BONN — Nineteen deputies from West Germany's governing Social Democratic Party have urged support for the National Resistance Council fighting Ayatollah Ruhollah Khomeini's fundamentalist government in Iran.

The council is headed by deposed President Abolhassan Bani-Sadr and the leader of the Mujaheddin Khalq Islamic leftist guerrilla organization, Massoud Rajavi, both of whom are in exile in Paris.

The leftist Bonn parliamentarians, who supported the 1979 Iranian revolution against the shah, issued a statement accusing the Tehran government of "carrying out systematic physical liquidation of all opposition. The present Iranian government is disregarding daily the constitution and laws which its own members helped to enact. It is giving the world a horrendous, distorted picture of the Islamic religion," the statement said.

Agreement on Aruba Independence

THE HAGUE — The Dutch government and the colonial administration of the Netherlands Antilles have reached provisional agreement on independence for Aruba, Dutch Premier Andreas van Agt said Wednesday.

At the end of a two-day meeting, Mr. van Agt said representatives of the Dutch government and of the six Caribbean islands that comprise the Netherlands Antilles agreed to appoint a seven-member commission to report within six months on how independence could be achieved.

Aruba, which lies off the coast of Venezuela, and the other five islands form the last Dutch colony, with an elected parliament based in Curaçao and a Dutch governor who appoints and supervises a council of ministers, or Cabinet. Aruba is seeking early independence separate from the other islands.

2 Arrests in U.S. \$1.6-Million Theft

NEW YORK — In raids on a rural Mississippi farmhouse and a Manhattan apartment, federal agents and the New York City police arrested two new suspects in last week's \$1.6-million Brink's robbery.

The arrests on Tuesday brought to seven the number of suspects seized since the Oct. 20 robbery in New York state that led to widespread federal and state investigations.

Federal agents in Mississippi arrested a woman for conspiring in the Brink's robbery, in which two policemen and a security guard were killed. In New York, a woman whose car was used by the holdup gang was apprehended in the East Village.

Bonn Planning New Military Cuts

BONN — The West German government announced Wednesday that it must trim another 200 million marks (\$88 million) from its 1982 military budget. In July Chancellor Helmut Schmidt confirmed that West Germany would fall short of the 3-percent growth in real military spending agreed upon by NATO members as part of a plan to enhance Western defense.

Government spokesman Kurt Becker announced the latest reductions Wednesday after the Cabinet met to find ways of making up an 8 billion-mark (\$3.5-billion) shortfall between spending and income in 1982.

Pentagon Denies Report of Soviet Killer Satellite

WASHINGTON — The Pentagon has denied a published report that the Soviet Union is operating an improved space weapon capable of destroying multiple U.S. satellites.

Aviation Week & Space Technology reported Monday that a Soviet killer satellite is in continuous orbit, whereas in the past the Soviet Union has been known to launch such satellites on test runs for only one or two revolutions of the Earth.

"The Soviet Union is operating in low-Earth orbit an anti-satellite battle station equipped with clusters of infrared homing-guided interceptors that could destroy multiple U.S. spacecraft," the magazine said in its latest edition.

The podded miniature attack vehicles provide a new U.S.S.R. capability for sneak attacks on U.S. satellites," it said.

"Based on the information we have on Soviet space and anti-satellite programs, we cannot conclude that they have the systems, described in the Aviation Week article," the Pentagon said Tuesday.

In a recent detailed report on Soviet military strength and developments, the Pentagon referred to a previously announced Soviet achievement of a "non-nuclear low altitude orbital interceptor" which it said "poses a known, if presently limited, threat to some U.S. satellites."

Plane Crash Kills 3 in U.S.

BETHPAGE, N.Y. — A single-engine airplane crashed onto a golf course near this Long Island community early Wednesday, killing the two men and the woman on board, police said.



WHEN YOU TELL 'EM BACK HOME HOW YOU CAN CANCAN, SAVE A FISTFUL OF FRANCS ON THE CALL.

The cancan girls aren't the only ones kicking up their heels in Europe. You're having the kind of adventures you want to hear about back home. So give 'em a call. And do it with these franc-saving tips in mind.

SAVE ON SURCHARGE
Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and

call. No Teleplan? Read on!

SAVE WITH A SHORTIE
In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS
Telephone Company credit card and

collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Now...is that you on the left? Not bad. You can still shake a leg.



Reach out and touch someone

طالو نالو

Young Wins Runoff Vote In Atlanta

May Back Goukouni If Libyans Withdraw

ent Rejects nts on Gulf

The Reuss report, which was compiled and printed last week and set for release in time for the

Senators' vote Wednesday on the sale of AWACS, Airborne Warning and Control System, planes to Saudi Arabia was prefaced by a statement by the congressman that cast the policy as a major commitment of U.S. forces to repel a Soviet attack on the oil fields of the region, "without significant assistance either from our allies or from the states in the Gulf region itself."

Fuel Anti-S

Memorandum Begin, as well as what they call the Jewish lobby," or the "Israeli lobby."

Some senators said that supporters of the sale had argued that it rejection would result in a backlash of anti-Semitism, but a White House aide familiar with the lobbying effort said that to the best of his knowledge the administration had never made that argument.

The bill, which was introduced, remained muted until Tuesday when it was raised by Sen. Mark O. Hatfield, Republican of Oregon, chairman of the Appropriations Committee, at a meeting with reporters.

Sen. Hatfield said that he opposed the AWACS sale, but feared that the controversy might suggest a "resurgence" of anti-Semitism in this state.

"I think there's a latent anti-Semitism in this country, and my small mail has shown a definite increase," the senator said. "Also, talking to people in my home state. This troubles me. They're just

ion Deficit New Taxes

have a different number" than a projected \$38.8-billion deficit when the process is completed.

"There are enormous upward pressures" on the budget, Mr. Stockman said after testifying at a congressional hearing.

"I think we are at the point where Congress is going to have to consider some very tough and very serious action to bring the deficit down," he told a subcommittee of the Joint Economic Committee.

On Tuesday, Mr. Reagan came up \$1 billion short in the first test of his new budget-cutting proposals in the Republican Senate.

Spending Goals

In approving \$7.8-, a \$7.6-billion appropriations bill for the Interior Department and related agencies this year, the Senate refused to make more than minor cuts. It would have had to cut \$1 billion to stay within the new spending limits Mr. Reagan proposed last month.

He said, "with a little help I could get 15 percent of the vote and I told him, in the last two weeks, that supporters of the law had warned of an anti-Semitic backlash if the package was rejected by the Senate.

Some senators said that they were unaware that anti-Semitism had become an issue in the controversy. Sen. Walter D. Huddleston, Democrat of Kentucky, who supported the law, said that "I haven't seen it myself." Nor had Sen. David Pryor, Democrat of Arkansas or Sen. Charles McC. Mathias Jr., Republican of Maryland.

In an article in the summer issue of Foreign Affairs magazine, Sen. Mathias wrote of the "potent Israel lobby" which was "sometimes harmful to the public interest."

Sen. Towles said Tuesday that "A certain matter, I think, we can't say there's no Jewish lobby, more than you can say there's no Greek lobby."

President Reagan, referring to Israeli lobbying against the

conference that "It is not the business of other nations to make an American foreign policy."

Last month, CBS reported that Sen. Bob Packwood, Republican of Oregon, who has led the fight against the sale, had told the president that he could not lessen his effort because, as chairman of the Senate Republican Campaign Committee, "he would lose a lot of Jewish contributions and that his commitment was to help elect GOP senators." Sen. Packwood denied having made the statement.

Richard V. Allen, the president's national security adviser, asked to confirm or deny the conversation, declined. "To discuss any matters which take place in a private meeting with the president."

Soviet Dry Dock at Maputo

Reminds

LISBON — A Soviet-built floating dry dock has reached Maputo, Mozambique, after a three-month tow from a Soviet port in the Baltic, the Mozambique news agency said Wednesday. It is designed to serve Mozambique's fishing fleet as well as Soviet fishing vessels, the agency said.

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Reaganomics Gone Wrong

Less than three months after the triumphant enactment of President Reagan's gigantic money bills, his economic strategy seems to have lost its way. There is no longer a clear sense of the next step. The White House is anxiously negotiating with the congressional Republicans whom it commanded with great flair and confidence in the spring and summer. Republican senators are talking heretically about a tax increase. What has gone wrong?

From its beginning last winter, the Reagan program was based on excessively optimistic forecasts. The day of reckoning arrived in August, in a way that illustrates the differences of perspective between Washington's political world and New York's financial markets. To people in Washington, including the president's advisers, the passage of the budget reconciliation and tax bills demonstrated the strength of a secure president, very much in control. But in New York, the financial houses' economists saw immediately that the tax cuts were very much larger than the budget cuts. To them, that meant future deficits beyond any president's control. Interest rates, already high, went higher. It was the interest rates that forced political Washington to acknowledge that the economy was not responding as the strategy had prescribed.

When Congress reconvened in September, the administration was preparing to make further budget cuts — but there was no agreement within the administration on those cuts. The arithmetic pointed toward extraordinary cuts in programs that most people of both parties in Congress had no intention of cutting deeply. At that point, the na-

ture of the president's opposition began to change. It was no longer centered on the disheveled Democrats, who had lost the 1980 election and been beaten again in the crucial House votes on the summer's legislation. The serious opposition, polite but firm, began to come from senior Republicans in the Senate.

The original theory behind the Reagan policy held that tight money would bring down inflation, while a big tax cut would stimulate growth. Now, in the tenth month of the Reagan administration, the first part of that theory is working — but not the second. Tight money has meant high interest rates that are indeed bringing down the inflation rate, despite the jump last month in the erratic consumer price index. But it's happening in the most conventional, sad old way, with the high interest pushing the economy into a recession. There is no sign of any supply-side magic to give the country lower inflation and higher economic growth simultaneously.

To regain the initiative, the administration will have to provide Congress and the country with a plausible map of the future into which it wants to lead them. That word "plausible" means no economic mysticism this time, and no rope tricks. It means forecasts that are consistent with present experience, and it means a few more details about those unspecified budget cuts.

The president still has time. At a guess, he has three months — until January, when he must publish the next budget and deliver his beginning-of-the-year messages. January will be his chance to recast and re-establish his program on a realistic basis. But it will probably be his last chance.

THE WASHINGTON POST.

U.S. Brawn Without Brain

The United States is about to launch a policy of unilateral disarmament in the worldwide contest of ideas. The administration proposes cuts in the revised State Department authorization bill that would devastate educational and cultural exchange.

Like most departments, the International Communication Agency has been asked to absorb an additional cut of 12 percent in its 1982 budget. But instead of protesting or looking to its bureaucracy, it proposes that virtually the entire amount come out of educational and cultural programs.

Funds for exchange of students and scholars, for example, would be reduced from an already inadequate \$79 million to \$22 million. Academic exchanges with 61 countries would be eliminated altogether.

There would be no further support services for the more than 300,000 foreign students who require them to remain enrolled in American universities.

The justly famous, 35-year-old Fulbright

fellowship program would end, except in a few countries that make special agreements for them. And the number of promising leaders brought to America by the International Visitor program would decline from 1,500 to 750, eliminating 75 countries entirely. This is the program that first showed American life to 33 current heads of government.

All in all, the cuts would leave the Soviet Union the unrivaled champion of education and culture for most of the poorest nations of the world.

What a travesty for an administration determined to spread its might and influence abroad. To so shortchange contacts and communication — including the export of books, art, music, theater and drama — will have serious enough consequences in the short term. In the long run, the loss in understanding and human ties would be devastating. The trashing of these programs proclaims a policy of brawn without brain.

THE NEW YORK TIMES.

A Few Fish Without a Sea

It takes some doing to recall how so many Americans quaked during the Vietnam years at the menace they imputed to a tiny handful of terrorists who operated on American soil. True, we of the media undeniably deserve much of the responsibility for generating the alarm. There was in the air of the culture, however, a certain casual and profligate readiness to define terror or the thought of terror — there wasn't that much of the real thing around — not as an absolutely intolerable perversion but as an exaggerated form of protest. And who, after all, could condemn protest against a society deemed to be so wicked as America's?

It was not the viciousness of the society that generated terror. Given the crisis atmosphere, the society remained unusually open to other and legitimate and even some illegal (draft-dodging, etc.) forms of protest through the whole period. It was the failure of self-confidence brought on by the spectacle of the Vietnam War and perhaps also by the dashing of various other sets of expectations that had been raised, and incompletely fulfilled, in the preceding years. The few practitioners of terror, and the larger number of people who preached doctrines of purification by political violence, and the even larger number of their fellow travelers, floated on a car-

pet of permissiveness that extended far beyond the privileged precincts from which a good number of the terrorists actually came.

Some of them have reappeared, in defiance or fatigue, over the years, and just the other day a couple of people associated with the "Weather Underground" were captured by police in connection with a bank robbery and shoot-out in which three lawmen died. At once it began to be asked whether this white group had links with a black group, whether there might be a Cuban connection, and so on. It will be interesting to get what answers are available.

It will be important, however, not to magnify the threat beyond its provable dimensions. At a certain time of troubles in the United States, the temptation to respond to political or social frustration with conspiratorial violence became, for a trivial number of people, irresistible. Some damage was done, some people were killed. But, to its relief, the United States turned out to be one of the countries least hospitable to tendencies of this sort. The few terrorists became not cultural models but rejects, fish without a sea. That is a matter for quiet and thankful noting as a few more of the violent children of the '60s come above ground.

THE WASHINGTON POST.

Other Opinion

The Death Toll in Clerical Iran

Amnesty International announced recently that at least 3,350 people had been executed in Iran since the revolution — 1,800 of them since the dismissal of President Bani-Sadr on June 20 this year. It can hardly be doubted that the majority of Iranians are by now thoroughly sick of clerical rule.

— From The Times (London).

President Kekkonen's Resignation

The term "Finlandization" is used to denote excessive adaptation to the Soviet giant. But the term thus understood is an insult to Finland, which, in an area dominated by the

Soviet Union, has retained its own predominantly Western way of life.

— From the Tages-Anzeiger (Zurich).

If you consider that Stalin's Soviet Union sought to give Finland the kind of status it gave Romania and Hungary, then admiration for the "Finnish way" must silence the senseless accusation that Helsinki exaggerates deference to its big neighbor.

— From the Basler Zeitung (Basel).

Kekkonen was the guarantor, the architect, of a meticulous neutrality that allowed his country to benefit from privileged treatment compared to other countries around the Soviet Union. His succession will not be easy.

— From La Stampa (Turin).

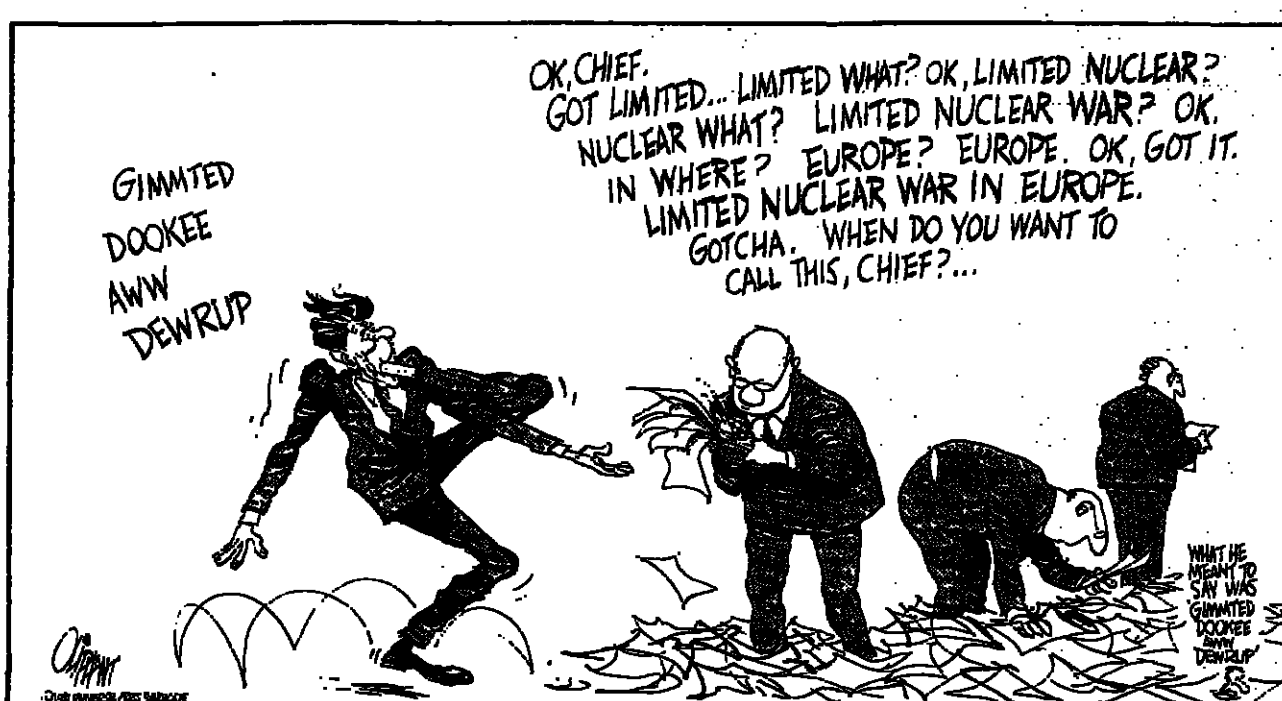
Oct. 29: From Our Pages of 75 and 50 Years Ago

1906: Mrs. Peary Confident

PORTLAND, Maine — Mrs. Robert E. Peary, wife of the Arctic explorer, is confident of the safety of her husband. She says: "I am sure as I am living this minute that my husband has found the Pole and soon will be on his way home to tell us about it. When the expedition started, it was planned to make a two-year trip, although it was hoped they might return sooner. If my husband has not yet reached the Pole, I suppose he is in winter quarters at Cape Hecla, but I have an instinctive feeling that he has reached the ambition of his life. To my mind there is only one possibility that he will not return alive, if the dogs on which he depends die."

1931: Landslide in Britain

LONDON — No British election result for many years has excited such interest as the sweeping victory for the National government, which is even more overwhelming than was indicated by the first day's count. Of 608 parliamentary seats now filled, out of a total of 615, the government holds 552 and the opposition 56. The government's supporters so far consist of 471 Conservatives, 33 National Liberals, 33 Liberals, 14 National Labor and 1 National Independent. Stanley Baldwin, the Conservative leader, commented: "This is no party victory. It is an emphatic declaration in favor of national cooperation in order to restore the fortunes of our country."



Where Does Reagan Get These Ideas?

By David S. Broder

WASHINGTON — As long as Ronald Reagan has been a public life, he has been saying things that have made it hard for some people to take him seriously. The skepticism, it is clear, has not been an insurmountable barrier to his success; he is, after all, in the White House, and they are not.

He has never been accused of guile. Love him or not, people recognize that Reagan says what he believes. But even with the vast machinery of the government at his service, this president goes right on saying things that make you wonder where in the world he does pick up his ideas.

In a meeting with out-of-town reporters and editors on Oct. 16, the president made some rather remarkable assertions. The Russians, he said, "cannot vastly increase their military productivity because they've already got their people on a starvation diet of sawdust."

The demonstrations against U.S. nuclear weapons that had been popping up in Western Europe, he said, "are the result of propaganda that... can be traced back to the Soviet Union," but the protests were insignificant because none of the European governments was "falling back or falling away from the installation of these weapons."

At home, he said, the anti-inflation program "is going to be successful." He went on to say that "our Nobel Prize winner, Milton Friedman, has just been quoted as saying [inflation] will be down to 6 percent next year."

Well, Friedman is a respectable authority, but a few days after the president cited his wisdom, the Consumer Price Index jumped back up to an annual rate of about 14 percent — recalling, to some

people, that the last government that had embraced Friedman as an authority was that of the embattled British Tory prime minister, Margaret Thatcher.

The president did not name his source on the Soviets' sawdust diet. As for the contention that the anti-nuclear-war demonstrations in Europe are insignificant, events have not been kind to that judgment. Two days after he met with the correspondents, the people of Greece — who are intent on Communist propaganda — elected a new government pledged to the immediate expulsion of American nuclear weapons and eventual withdrawal from the NATO military alliance.

A few days later, the NATO defense ministers insisted, over U.S. objections,

Who, if anyone, around Reagan is brave enough to disabuse him of these notions?

on considering an offer to the Russians: to freeze any fresh nuclear arms deployment in Western Europe if the Soviets would reduce their own nuclear missile fleet. Last weekend there were large anti-nuclear demonstrations in London and Rome that confirmed the warnings of the earlier demonstrations in Berlin, Brussels, and Bonn.

Occasionally, it appears, President Reagan hears something from one of his unnamed authorities that causes him to revise his opinion. "I had always believed... the Voting Rights Act should have been nationwide, rather than taking

out certain areas" for its targets, Reagan told his visitors, neglecting to mention that the act was applied only to areas with clear historic records of voting discrimination. "But then, I must say, it was brought to my attention recently that... it would make it so cumbersome — and I hadn't thought about this — that it might be impossible to enforce. So we dropped that position."

Before rejoicing at this triumph of pedagogy, note that in the very next sentence the president said that the Voting Rights Act extension, recently passed by the House of Representatives, is "maybe... pretty extreme." He hoped, he said, that the Senate would pass a "more reasonable" bill.

That "pretty extreme" bill was passed 389-24, without a murmur of protest from the administration. It had the strong support of many of the most conservative members of both parties, who failed to find anything "extreme" about continuing a law which has enfranchised literally millions of people.

But Reagan's comments suggest that some anonymous authority has again put an idea in his head that could become the basis of national policy.

Presidential misconceptions are dangerous playthings. The notions that inflation is being whipped, that the Soviets are on the verge of starvation, that the dissent in NATO over nuclear policy is just Communist propaganda, that the Voting Rights Act is "pretty extreme" — these ideas, volunteered by the president in one brief conversation, are enough to make you wonder.

Where does the president get these ideas? Who tells him these things are so? And who, if anyone, around him is brave enough to disabuse him of these notions?

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Changing His Guard

By Joseph Kraft

WASHINGTON — Dangerous currents are now running against the United States in the Middle East and Europe. But the Reagan administration, as presently constituted, cannot turn the tide. So the country is alive with rumors about coming shake-ups.

Secretary of State Alexander Haig has tried to nudge the Saudis toward a more flexible PLO stance on settlement with Israel. But Haig comes on as the partisan of an Arab-Israeli "strategic consensus" that baffles the Saudis. Thus there is a danger that the Egyptian-Israeli peace process will run its course and unravel.

In Europe, a rage for change akin to that which surged in the United States at the end of the 1960s is at work. The security component of the turmoil is doubt about the 1979 decision to modernize NATO forces. Haig has pushed for more nuclear weapons in Europe while agreeing to talk with the Russians starting next month. But Defense Secretary Caspar Weinberger keeps emphasizing in blustery tones, the nuclear buildup. He thus verifies Europeans' fears of U.S. bellicosity, and whets their appetite for a deal with Russia. There is a possibility that the Europeans will abandon plans for nuclear deployment, thus putting themselves at the mercy of Russia and allowing the Atlantic alliance to fade away.

Presidents normally synchronize top officials at State and Defense who work at cross-purposes. But Ronald Reagan has no experience in foreign or defense policy, and he seems to work less from documents than from briefings by close advisers. The three closest advisers who, in effect, translate for him on policy matters — Edwin Meese, James Baker and Michael Deaver — concentrate heavily on domestic affairs. Richard Allen, the national security adviser, is experienced in foreign policy, but is kept at a distance from the president by the three top aides.

Even if he had better access, it is not clear that he has the analytic power to command serious attention. He has not been a weighty figure anywhere in Washington, and has had difficulty holding top staff members.

One of the rumors of change sees musical chairs: Meese for Defense in place of Weinberger, who takes Haig's place at State, with Haig's deputy — William Clark, a former Reagan aide in California — moving to the White House in place of Meese and Allen. That shift would put Reagan intimates at the chief foreign policy posts, but the exit of Haig and Allen would be a net loss of competence.

A more sensible move would be to start by replacing Allen. Good people are available, notably Gen. Brent Scowcroft, who served as national security adviser to President Ford. But neither Scowcroft nor anybody else of caliber will take the post without easy and regular access to the president, which is another way of saying that foreign policy perils can be averted only if the president himself begins to work at it — and work hard.

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An Irish Ambassador Takes His Personable Talents Home

By Mary McGrory

WASHINGTON — As Sean Donlon's turn as ambassador of Ireland was not like anyone else's, his leave-taking has been out of the ordinary.

The other night, at one of many "wakes" — this one at the home of Andrew Mulligan, a former Irish rugby star — guests were piped in by torchlight to the strains of "The Minstrel Boy." Inside, a harpist plucked an ancient lament, duets were sung in Welsh and Irish. There were recitations, imitations and choral singing directed by the ambassador, who was toasted as a "peace-maker." It was not your typical Embassy Row farewell.

Donlon, who is a forthright 41, was involved in American politics up to his bushy black eyebrows. He had no example to follow. His predecessors moved about building good will, talking up trade and tourism. Donlon led a crusade against terrorism in Ireland. He went to Hibernian halls and neighborhood bars, where Irish-Americans, burning with memories of 1916, yelled "Up the IRA" and "Brits Out," and he firmly told them they were wrong. He went head-on against Noraid

and the Irish National Caucus, providers of funds for the fray. He took on Rep. Mario Biaggi, the Democratic congressman from the Bronx who chairs the House Ad Hoc Committee on Ireland. At one point Biaggi proposed a "peace forum" at which IRA gunmen would be invited to testify.

"These people," said Donlon, "are helping those who are murdering Irishmen and Irishwomen." His activities naturally incurred the enmity of Biaggi, who lodged complaints with the then premier, Charles Haughey. In the summer of 1980, Donlon was summoned home and told he must make his peace with Biaggi or lose his job. Donlon declined.

In an unprecedented intervention, House Speaker Thomas P. O'Neill Jr. and Sen. Edward M. Kennedy sprang to his aid. They called Haughey in Dublin and warned him that the dishing of Donlon would bespeak an abandonment of the moderate course. O'Neill reproachfully told the premier, "Sean is a beautiful fellow." Haughey backed down.

In June, Donlon's good friend, Garret Fitzgerald, became premier, and soon Donlon was called home and offered the post of secretary in the Foreign Ministry.

He goes back at a moment that is as promising as any in the last 10 years of bitterness. It is true that the hunger strike, which unleashed a flood of worldwide sympathy (and funds) for "the boys," is over. The IRA has returned to its loathsome violence.

What is hopeful is that Fitzgerald has taken a historic first step toward the possible reconciliation of North and South. Speaking on Irish radio, he addressed the deep fears with which Ulster Protestants regard unification.

"If I were a Northern Protestant

today, I cannot see how I could be attracted to getting involved with a state which is itself sectarian. Our laws and our constitution, our practices and our attitudes reflect those of a majority ethnic which are not acceptable to Protestants in Northern Ireland."

Fitzgerald is the first Irish premier to give such assurances, and the initial response from Northern Ireland has been positive. In his new post, Donlon will have principal responsibility for the North.

The Anglo-Irish talks begun between Haughey and British Prime Minister Margaret Thatcher will be resumed before the end of the year. The American connection could be vital.

The hope is that Ronald

Reagan, who boasts of being Irish and twice visited the embassy, will use his influence with Mrs. Thatcher. He could help persuade her to find a political solution to the 700-year-old Irish problem.

The president has put his friend, William Clark, the deputy secretary of state, in direct charge of the Irish question. Clark is to visit Ireland in December.

Donlon leaves behind a political network he helped set up among pals on the Hill, the Friends of Ireland, with 100 members from both parties and House Whip Thomas S. Foley in charge. They hope he will be able to repeat at home the brilliant success he had in Washington in changing people's minds. They know that in Ireland it is much harder.

About an Unwanted Documentary

By William F. Buckley Jr.

NEW YORK — A few years ago a team of young producers in Canada released a series on the use by the CIA of foreign installations for the purpose of doing the CIA's business. The response was sensational.

Norfolk Communications, in due course joined by Kison Vincent, another enterprising Canadian, then decided to attempt a documentary on the machinations of the KGB, concerning which they knew little, and were surprised at the almost nonchalant attention devoted to that agency in one or another government document.

What emerged is the most powerful two-hour documentary on the subject of underground Soviet activity ever put together. It was shown in Canada and received sensational notices. The Detroit News, bringing in the Canadian signal, called it "powerful," depicting the "real world of Soviet espionage in this continent." Variety called it a "riveting documentary" and "carefully researched and intriguing."

It has been shown (twice) in Sweden, and will be shown throughout Europe. The problem is that the producers can't get it shown in the United States. One hears endlessly about the oppression brought on by the Moral Majority. Well, the Moral Majority has no objection to "The KGB

Connections: An Investigation into Soviet Operations in North America." What goes on?

ABC put up one-third of the money for the production, in return for the option to show part of it in the United States. The option time came — and went. An official from CBS showed interest in it — but there followed a lesson of interest. NBC seemed to be interested not at all.

Now, "The KGB Connections" would be gripping film fare if it were discussing the means by which the Spartans undermined the Athenians during the Peloponnesian War. But its involvement with real people, existing situations and ongoing threats elevates it to more than mere television drama.

Free Press?

It is the story of a huge, and hugely successful, offensive against the free world. It is a Sears-Roebuck catalog of the devices, stratagems, techniques, used by the Soviet Union and by its dupes and agents to affect policy, and to commit subversion.

The directors bring extraordinary material to the screen for the first time. Here is Hede Massing, one-time wife of Soviet agent Gerhardt Eisler, calmly, intelligently and even coquettishly discussing her role as a Soviet agent.

her knowledge of Alger Hiss with the Soviet agent, Norman Weyl is there also, recalling Alger Hiss.

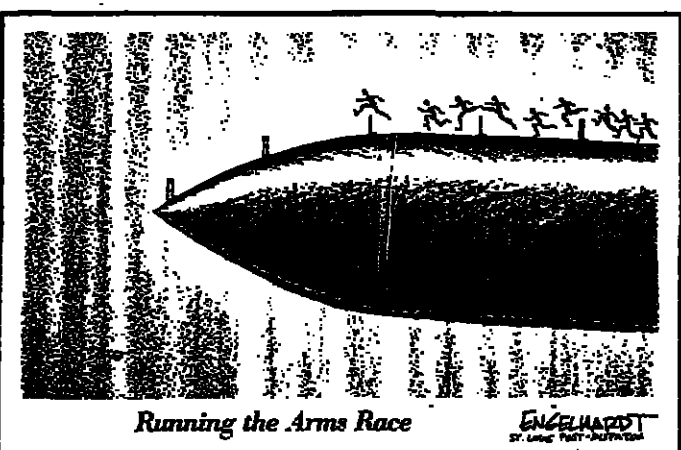
The use of vanity, sex, money, blackmail is discussed not fictionally, but through interviews with defectors. You see them on the screen. You see the results of their machinations. In some cases their faces are blanked out, to give them protection.

Castro and his agents make considerable appearances, and we learn of the uses of the United Nations, whose most prominent recent defector calmly estimates the extent to which the Secretariat is penetrated by the KGB. There are wonderful scenes of the Soviet Embassy in Washington, and of its aerial contrivances by which conversations are picked up and recorded.

At this moment there are two trials going on in which espionage for the Soviet Union is alleged. None of this would surprise anyone who had seen, and reflected on, this remarkable documentary.

"The KGB Connections" is so striking a drama, so thoroughly newsworthy, so legitimately entertaining, that its absence from the television screen is prima facie evidence that, after all, it is true — America doesn't have full freedom of the press.

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Letters

Rights in Iran

Iain Guest reported (IHT, Sept. 30) a decision by the United Nations human rights panel not to place Iran on its blacklist. This decision is made while Iranian teenagers in groups and without any trial, are being shot by firing squads. There is no sign of law, justice or trials in Iran. Only two weeks ago, an Iranian lawyer was shot by a firing squad for defending a group of detainees. Iranian lawyers have been imprisoned in an effort to force them to surrender their clients to the Revolutionary Committees.

DR. A. ANVARI, Iranian Bar Association, London.

Sinai Passions

Re "Israeli Sinai Squatters Vow to Resist Ouster" (IHT, Sept. 26-27): These Israeli settlers, who

have resided in the Sinai for less than 13 years, are prepared for "violent confrontation," and a few would even "take up arms" against fellow Israelis who might try to evict them; and this in spite of the Israeli government's offer of generous compensation for them to move back to Israel proper. In light of this, should it be so hard for Israelis to understand why Palestinians, who had lived on the land that is now Israel for 2,000 years, should be in "violent confrontation" with Israel?

CHIH-CHUEN HSU, Taipei.

Italian Fashion
I was interested in the coverage of Italian fashion (IHT, Oct. 3-4) but disappointed that no mention was made of Gian Battista Giorgini, the father of Italian fashion.
L.T. REINHARDT, Porto Ercole, Italy.

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1980

U.S. Cocaine Sales Top Cannabis; Experts Worried by Drug's 'Harmless' Image

By Thomas O'Toole

WASHINGTON — So rapidly has cocaine become the "drug of choice" among Americans that last year it surpassed marijuana for the first time as the largest producer of illicit income in the United States — and by a huge margin.

The growth in cocaine use in the last three or four years is so dramatic that street sales of the drug may have reached \$35 billion last year, outstripping marijuana or cannabis by \$11 billion, according to Drug Enforcement Administration estimates.

"There has been an explosive increase in the use of cocaine by Americans in the last few years," says Dr. William Pollin, director of the National Institute on Drug Abuse. "Even though cocaine is not physiologically addictive, I find this a very dangerous increase because we're talking about a drug

that may be the most seductive, intense and threatening drug we know."

So far this year, the Drug Enforcement Administration sees no reason cocaine street sales will not set another record.

Grave Dangers

"We estimate that as much as 50 metric tons of cocaine were brought illegally into the U.S. last year," DEA spokesman David Hoover said. "We think it's running a little more this year."

In addition to the implications for crime, cocaine appears to be deceptively harmless. In fact, it can be almost as dangerous as heroin, according to drug experts, and can cause paranoia, hallucinations and manic-depressive reactions.

While most doctors who deal with dangerous drugs refrain from describing cocaine use in the coun-

try today as an epidemic, many compare it with the turn-of-the-century "cocaine epidemic" in Europe. Then cocaine use was rampant in the professional classes.

"We're in the formative stage where we're still not dealing with large segments of the population," said Dr. Everett Ellinwood, a Duke University School of Medicine psychiatrist and pharmacologist who is an expert on drug abuse. "Once the epidemic hit at the turn of the century, it marched right down through the population."

What worries pharmacologists like Dr. Ellinwood is that many users consider cocaine a drug whose "rush" or "high" rewards the body instead of punishing it. Users point out that cocaine does not put them to sleep, keep them awake, leave them with a hangover or addict them to the drug. It does not smell, cause speech to suffer or

trigger a change in walk or performance.

"A lot of people look at cocaine and think that the use of it has no consequences, you don't have to pay the devil his due," Dr. Ellinwood said.

Overdose Kills

What concerns Dr. Ellinwood most is that cocaine users are convinced the drug is harmless. "You can develop paranoia, deep-seated suspicion and then go into hallucinations, delusions of grandeur and manic depression," Dr. Ellinwood said. "A strong enough dose can make you psychotic and an overdose can kill you."

Statistics back this up. Last year, hospital emergency rooms took in more than 4,000 persons suffering from cocaine overdose. Also in 1980, medical examiners in the nation's major cities reported 61 deaths from cocaine overdose.

At least 10 cocaine fatalities were smugglers who tried to bring the drug into the United States in balloons they had swallowed. The powdered acid used to preserve the cocaine ate through the balloons and exploded the drug in their stomachs, causing almost instant death.

Conventional users of cocaine "snort" it through the nose but more and more users are injecting it into their veins, smoking it in its pure powder form in what is called "freebase," using it with other drugs like heroin and giving themselves cocaine enemas to heighten the "high" they get from cocaine.

Like a stiff dose of adrenalin, cocaine puts the body into the equivalent of a state of emergency. How it does that is something of a medical puzzle but doctors think it activates neurotransmitters in the brain that release large amounts of a brain chemical called dopamine,

which exerts a strong stimulus on the body's motor system.

"Cocaine acts on the brain for no longer than an hour but is very intense while it's working," Dr. Ellinwood says. "You also get a very quick reinforcing effect with a second dose of cocaine that you don't get with other stimulants like benzadrine."

Reinforcing Effect

Dr. Ellinwood said the recent outbreak of cocaine use is a little like the surge of amphetamine use in the 1960s but also a little different. "A lot of people began using amphetamines out of some business ethic, to work hard and keep moving, to stay awake while others were relaxing, eating or sleeping. Cocaine, on the other hand, is a status drug. It's not to work harder. It's almost an exotic way of showing off."

While it is triggering the brain cells that fire off dopamine, cocaine is flooding the cerebral cortex, which governs memory and reasoning, the hypothalamus, which controls appetite, body temperature and sleep, and the cerebellum, which regulates motion, walking and body balance.

The trouble with cocaine is that it is so seductive it makes the user want more even while it is not technically addictive. Tests with monkeys have shown that they prefer cocaine to food and will even starve themselves to get the drug.

Inevitable Consequences

The consequences of prolonged use are inevitable. The alertness and exhilaration turns to insomnia and psychosis. Cocaine overusers have turned up in emergency rooms suspicious of everybody and thinking they were being persecut-

ed by hospital technicians. Paranoia is a prize symptom of cocaine. One of the worst effects is that the user turns into a recluse no longer interested in anything but the drug.

Those who can afford it often go overboard on it. Actress Julia Phillips said she spent \$1 million on cocaine in 10 years. One woman movie director is said to spend \$300,000 a year on the drug.

A Florida psychiatrist said he is treating 10 victims of cocaine overdose whose habits cost them between \$10,000 and \$20,000 a week.

Nobody knows how many Americans regularly use cocaine but the numbers are growing. More and more is being smuggled into the United States every year from Peru, Bolivia and Colombia, where almost 100 percent of the world's cocaine is grown on the east side of the Andes.



On the front bench of the Madrid parliament, Spanish Defense Minister Alberto Oliart, left, Foreign Minister José Pedro Pérez Llorca, center, and Premier Leopoldo Calvo Sotelo react each in his own way to the debate on Spain's entry into NATO. They are virtually certain of victory.

Premier Urges Spain's Entry Into NATO, Says Its 'Destiny' Is Linked to the West

From Agency Dispatches

MADRID — Premier Leopoldo Calvo Sotelo told the lower house of the Spanish parliament Wednesday that his Centerist party is seeking Spain's entry into the North Atlantic Treaty Organization "because our destiny is linked with that of Western nations."

In the second day of debate seeking passage of a government request to apply for entry into NATO, the premier said that by remaining out of the 15-member organization, Spain would not be safe from risk in case of war.

Defense Guarantees

"Soviet threats against countries that live in democracy and liberty are still there... Those democracies, which we joined four years ago, constitute a permanent challenge for the Soviet Union, which aims its powerful offensive weapons against freedom."

He added that although Spain would prefer to live without blocs, the reality is that such blocs exist,

"and as long as there is a wall in Berlin, my government and its party know very well on which side to stay."

Mr. Calvo Sotelo said that membership in the alliance would give Spain a defense guarantee that it now lacks, strengthen its relations with Western Europe and improve its position when talking with the United States about the renewal of a friendship treaty.

He denied charges by the leftist opposition that Spain, which kept out of the two world wars, would risk being drawn into a conflict by joining NATO. Since Spain harbored U.S. bases, "Soviet missiles would go for military objectives regardless of whether they come under a bilateral or multilateral agreement," he said.

The premier rejected criticism over the potential cost of membership and said that Spain would not have to contribute more than 2 percent of its military budget to the alliance.

He also said that Spain's claim to the British colony of Gibraltar may have been weakened by its neutrality.

The government is determined to make progress on this claim and has good reason to believe that this progress will be secured if Spain signs the Washington [NATO] treaty," he said.

The government project to join the Atlantic alliance appeared certain of victory when it comes up for a vote later this week, despite strong opposition from Socialists and Communists.

On Tuesday, the house defeated by 172 to 144, with 10 abstentions, a leftist motion suggesting that the NATO issue be decided by a national referendum, and not by parliament.

The Spanish Socialist Workers' Party, the second strongest parliamentary group, has announced that it will call for a mass demonstration in Madrid to protest the manner in which the government has handled the NATO issue.

French Socialists Seem Aimless, Despite Their Victory

By Richard Eder

VALENCE, France — "It would be a paradox if we should see in our success our own extinction," Paul Quilès, a Socialist leader, told his party's congress here last week.

Normally, a political party that had won its first victory, and a smashing one at that, could be expected to be inflated and exuberant. At their first national congress since taking both the presidency and the National Assembly in the spring, France's Socialists have been complaining of a sense of aimlessness, of lack of purpose.

For the past decade the Socialists thought of themselves, fairy-tale-like, as engaged in a battle to free the princess — France — from its guardian dragon — the French right. Now the dragon has been chased away and the princess wants to know what's for lunch.

'Militance of Explanation'

President François Mitterrand sent a message — he was at the conference of industrial and developing nations in Cancun, Mexico — suggesting that party activists should explain the government's actions to the people and reflect the people's concerns to the government. Laurent Fabius, the budget minister, suggested a concept he called "the militance of explanation."

This did not satisfy a number of delegates. One said that "it is not because we have a Socialist president that we are going to say 'yes,' when we have always known how to say 'no.'" A worker from the Ardennes, noting that the government had decided to build a nuclear power plant at Chooz even though Socialist campaigners had

the opportunity to submerge their existential worries in a daylong, lively denunciation of the wiles of the unreconstructed right.

It was only the next day that Pierre Mauroy, the prime minister, came down to Valence to point out that that outrage was good for a holiday, the government had no choice but to combine firmness with moderation for the working week.

"We have won. Now we must succeed," Mr. Mauroy said, pointing out that a Socialist government had to win the acceptance and cooperation of a great many French people who were not Socialists.

If there was one figure who best represented the strains in the party between fiery evangelism and hard practicality, it was the first secretary, Lionel Jospin.

Mr. Jospin is passionate, formidable, intelligent, and a tough party organizer. His gray hair flares out when he speaks, his eyes glitter behind square-cut glasses, and he seems to be delivering anathemas. Except that, often enough, they are anathemas in behalf of reasonableness. It is not only his friends, but some of his rivals as well, who suspect a debilitating sense of humor behind the thunder.

Interviewed early in the week on radio, Mr. Jospin spoke of coming out of the trenches, seizing the reins of the right, and going back to mop up the garrisons. Asked why he had used such militant language — which reinforced the opposition's complaints that the Socialists are dictatorial — Mr. Jospin said that the whole trouble was that his questioner had suggested the trench image.

NEWS ANALYSIS

indicated that it would be scrapped, said: "Can a party use one language in the campaign, and another in government?"

The schoolteachers, labor activists, lawyers and housewives in the Socialist Party have been used to a more permanent evangelical tradition. They are proud of their colleagues who have become ministers and assemblymen. They also feel marginally abandoned by them, particularly when they see them accepting compromises with business and financial groups that they have traditionally regarded as the enemy. There is an element of Pogo: "We have met the enemy and he is us."

In this respect, perhaps the unsmiling hero of the Valence congress was its much-demonstrated villain — Pierre Moussa, who until last week was president of Paribas, the big French investment bank. Mr. Moussa resigned after a Swiss subsidiary of Paribas — which normally would have been headed for nationalization along with its parent — had quietly been passed over into the hands of the bank's foreign associates.

This allowed government ministers, party leaders and delegates

"The question was asked in military terms," he said, "and like any male Frenchman in good health, who is not a conscientious objector, I replied in military terms."

The congress took time off to greet a long list of foreign delegations from other Socialist parties, liberation movements and a few foreign Communist parties. The French Socialists held that one of their functions is to pass on the virtue of politics around the world, and the response of the delegates

as each foreign group was introduced was a kind of teacher's report.

There was enthusiastic applause for the South-West African People's Organization and the African National Congress, Nicaragua was also warmly applauded, but there is some concern about dictatorial tendencies — slightly less so.

Hostility to Russian

The Israelis were warmly greeted. The Palestine Liberation Organization a little more warmly. A woman representing the Afghan resistance was given the most clamorous applause of the day. A delegation from Vietnam was applauded for a moment and then, as if the delegates were doing mental sums and had remembered Cambodia, booed. The Soviet delegation, led by Boris N. Ponomarev, was given a reception so hostile that the next day Mr. Jospin scolded the delegates for it.

The congress was held in Valence's temple of commerce — a 20-acre fairground and convention hall.

The party paid for the accommodations, but there were a number of helping hands. Notably, from the town's businessmen, who rented several dozen stands in part of the hall to exhibit such things as furniture, real estate schemes, toilets, waste-disposal plants and dinner plates bearing the Mr. Mitterrand and retailing for about \$16 each.

It was, perhaps, the kind of collaboration of business with Socialism that the government has been pushing, and a contrast to the angry denunciations of capitalism made by speaker after speaker just across the hall.

Nico Dostal Dies; Wrote Operetta 'Clivia' in 1933

The Associated Press

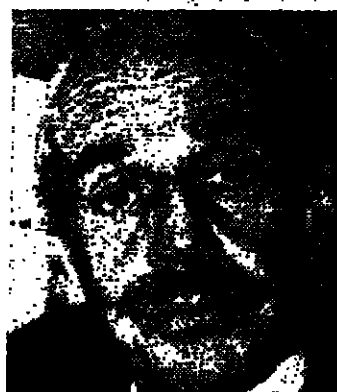
SALZBURG — Nico Dostal, 85, composer of the operetta "Clivia," died Tuesday, his family reported. The cause of death was not disclosed.

Mr. Dostal was the last prominent composer of an operetta era dominated by Franz Lehár, Oscar Strauss, Emmerich Kalman, Robert Stolz and others whose music Mr. Dostal arranged before writing his own compositions, which also included "Ficre Song."

'Clivia' Had Its First Showing in Berlin in 1933.

Ataru Kobayashi

TOKYO (AP) — Ataru Kobayashi, 82, former president of the Japan Development Bank, who played a prominent role in rebuilding Japan's economy after World War II, died Wednesday of pneumonia.



Robert Astles

High Court Judge Clears Amin Aide Of Murder Charge

The Associated Press

KAMPALA, Uganda — British-born Robert Astles, once a top aide to deposed dictator Idi Amin, was acquitted Wednesday of murdering a Ugandan fisherman after the High Court justice called the prosecution testimony "a pack of lies."

Mr. Astles, 60, was returned to Luzira Prison outside Kampala, where he has been held for almost two and a half years. Police sources said Mr. Astles, a Ugandan citizen, may face further charges of murder and robbery with violence.

Mr. Astles, once called by exiles "the second most hated man in Uganda," went on trial Oct. 13 charged with the murder of Henry Musisi, 16, on the shore of Lake Victoria the evening of May 31, 1977, when Mr. Astles was chief of Marshal Amin's anti-smuggling unit.

The two lay assessors who help the judge sift through the evidence recommended at the end of testimony Oct. 21 that Mr. Astles be convicted. But Justice Seth Mungindo, after reviewing the evidence, said Wednesday:

"I am satisfied that the evidence of [Mr. Musisi's two brothers] is a pack of lies. The prosecution case is so riddled with serious contradictions that no court of law... can possibly base a conviction on it."

Labor Asks Inquiry Into Use Of Bingo In British Papers

By William Tuohy

LONDON — The British government has been asked to step in and call a cease-fire to the newspaper "Great Bingo War."

John Fraser, the opposition Labor Party's spokesman on consumer affairs, said he would ask the director general of fair trade to investigate whether bingo is a "fair or desirable practice" in newspapers and if "selling goods by games of chance ought to be banned on the grounds that it is not in the consumer's interest."

"The newspaper industry," Mr. Fraser said, "is in such a serious state that... papers ought to compete on news gathering and good journalism and not on a craze [for bingo] which is beginning to take up news space."

Mr. Fraser's remarks came as the tabloid Daily Express decided to get into the bingo war, and the Daily Mail was considering competing with a roulette-type game.

In Britain, bingo parlors are widespread. They provide a popular form of afternoon and evening recreation. Over the years, many regional papers have run bingo games as circulation-builders, but the practice did not come to Fleet Street, home of the British national press, until this summer.

First at Daily Star

It hit first at the Daily Star, a tabloid owned by the Express Group and noted chiefly for publishing pictures of unclad women.

At the time, the Star's circulation was 1.1 million daily. Most analysts said the Star would need about 2 million in order to make a profit. Within weeks, the Star's cir-

culation shot up to about 1.6 million.

The equally flashy morning Sun quickly followed suit and saw its circulation rise from 3.6 million, already the largest daily circulation in Britain, to 4.1 million in a matter of weeks.

Now nine Fleet Street newspapers are involved in the bingo war, accounting for 11.3 million of the 14.3 million daily circulation and 14.4 million of the 17.6 million Sunday circulation. Only the so-called quality press has stayed out.

Generally, the procedure is for the newspapers to deluge a target area with bingo cards — either by direct mail or by hand deliveries. Large supplies of cards are also provided to local news vendors. The cards have boxes, with numbers, and each card has a different set of the numbers.

Objections Raised

Every day the papers run several numbers, and when these numbers match those on a person's card, the card holder is eligible for a prize.

Objections to the scheme have been raised by the British Bingo Association, which fears that fewer people will visit their halls if they can play at home.

There are drawbacks to the bingo craze, according to some publishing analysts. It is costly to distribute the cards and pay the prize money. In some cases, costs could exceed the revenue from added circulation.

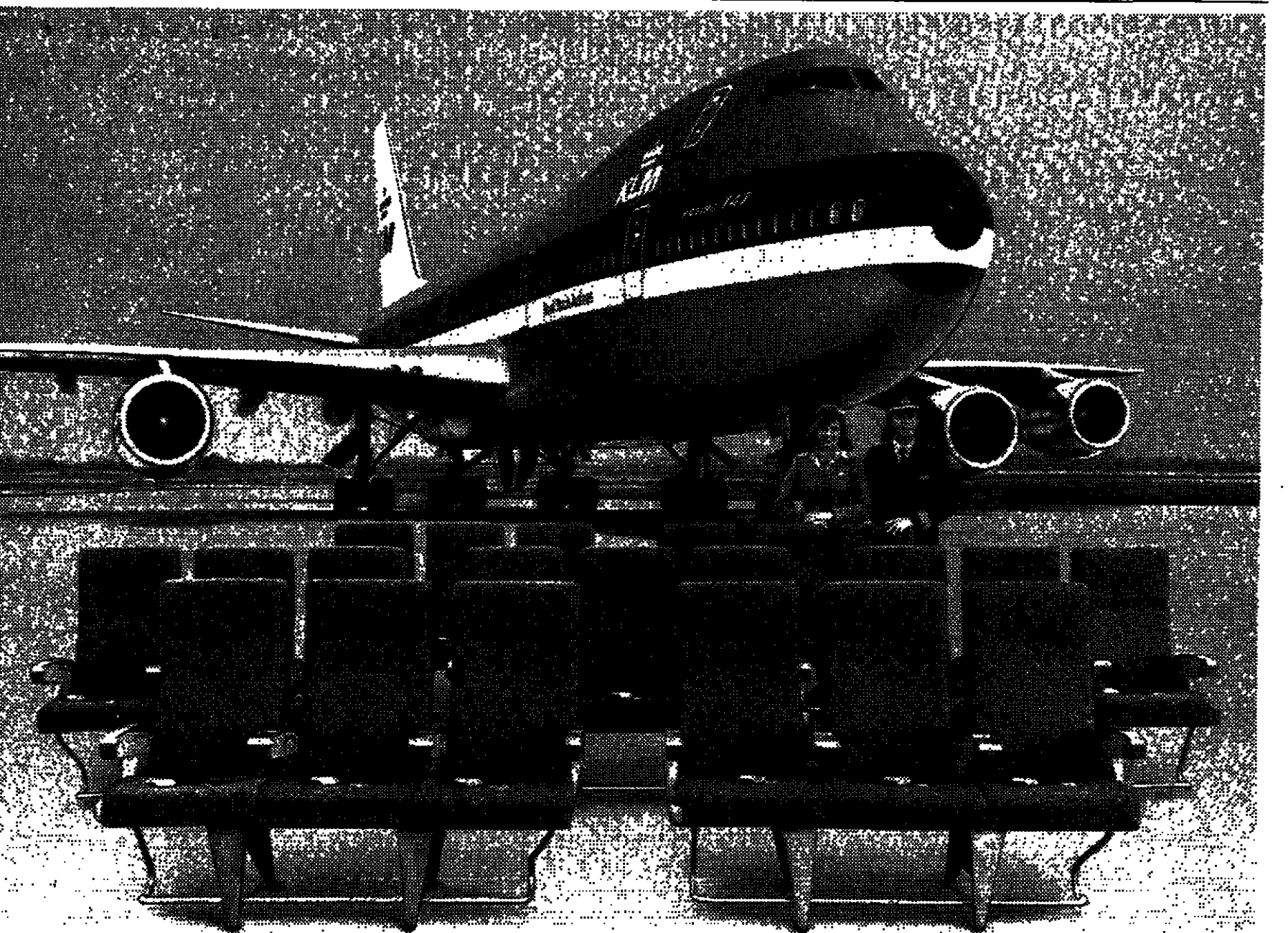
The audiences tend to be older and less responsive to advertising, hence the increased circulation may not be readily translatable into higher advertising rates. No one knows how loyal the new readers will be. When the fad wanes, the new readers are likely to go back to their old reading habits.

Jeremy Tunstall, professor of sociology and a specialist in newspaper economics, said: "It's part of the very long-drawn-out dance of death going on in Fleet Street. It also devalues the currency of newspapers. If people take them for bingo, they'll drop them for the same reason."

East Germans Escape

Reuters

HANOVER — An East German escaping with his wife to West Germany was injured by shrapnel when they crossed the border on Wednesday, West German border police said.



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Binge-and-Purge Eating — the Roman Orgy, American Style

By Jane E. Brody

New York Times Service

NEW YORK — The Roman orgy, a prolonged feast interspersed with periodic purging to make continued gorging possible, was an occasional event among the wealthy in ancient Rome. But today this binge-and-purge behavior has become a daily affair for growing numbers of young American women, threatening their health and interfering with their lives.

For some, the syndrome, known as bulimia (from the Greek, meaning "ox hunger"), has evolved into a \$50-to-\$100-a-day food habit that has forced them into bankruptcy, stealing and even prostitution. Victims may consume up to 55,000 calories in an hour or two, then induce vomiting and repeat the behavior as often as four times a day. Others take laxatives — as many as 300 a week — to prevent their bodies from retaining the enormous amounts of food they consume.

Psychotherapists at clinics for eating disorders around the United States say the secretive phenomenon, which nearly always starts with a stringent diet to lose weight, is now epidemic on college campuses. A single newspaper article on bulimia in Los Angeles brought 50 calls from desperate victims. A news service article emanating from the Eating Disorders Clinic at Massachusetts General Hospital recently brought 50 referrals in one day. And a program on bulimia broadcast on British television drew 10,000 letters from persons who wanted help.

In Seattle, nearly 4 percent of students who visited the University of Washington Psychiatric Clinic sought help for bulimia. Therapists there, who referred to the 4 percent as a "striking frequency," said they believed this number represented the tip of the bulimia iceberg.

Binge eating is apparently extremely common, experts report. And some binge eaters discover they can avoid the caloric consequences of their behavior by purges. Various studies indicate that 15 to 20 percent of college women occasionally purge after binges, but for some it becomes habitual behavior.

A survey of 500 bulimics who, in response to publicity, contacted the Anorexia Nervosa Project at the Psychosomatic and Psychiatric Institute of Michael Reese Hospital in Chicago, showed that victims wait an average of 5½ years before seeking help. Many had thought they were the only ones with this problem and were too ashamed to reveal it to their physicians.

Yet, according to Dr. Craig Johnson, director of the project and editor of the new International Journal of Eating Disorders, early detection and intervention is important to successful treatment of bulimia. "The longer it goes on, the more entrenched the behavior and the harder it is to intercept," he said in an interview.

The survey indicated that the typical bulimic

is a single white woman (only about 5 percent are men) from the middle and upper classes who has had some college education. Most are of normal weight and started the binge-and-purge behavior at the age of 18 after completion of a diet.

Other researchers report that bulimics are typically upwardly mobile, achievement-oriented perfectionists who, despite their accomplishments, have little self-esteem and measure their worth through the eyes of others. They also commonly fear intimacy with others and have conflicts between aggressive tendencies and their submissive role as women.

Dr. Anita Siegmán of the University of Southern California sees the eating disorder in part as growing out of the stress of trying to be perfect. "Eating becomes a form of release, the only thing they can completely control," she remarked. "Food temporarily relieves the anger and depression most of these women feel."

Dr. Richard Pyle of the University of Minnesota Hospitals and Clinics says that guilt-ridden victims are so careful to hide their dis-

order that those who live with them may not know it exists. One woman managed to keep her daily binges secret from her husband of 20 years.

In its most severe form, the syndrome precludes a normal social and working life. "So many hours are spent eating and vomiting that nearly all social contact is cut off," Dr. Pyle said. "Many patients said all they did was work, sleep and binge."

The disorder can also have potentially serious, and possibly fatal, medical complications. Most commonly, victims develop severe tooth decay from destruction of the tooth enamel by acidic vomitus. One bulimic patient sought help only after all her teeth had been capped twice, at a cost of \$20,000. Other side effects include a constant sore throat, esophageal inflammation, swollen glands near the cheeks, liver damage, nutrient deficiencies and, in those who use laxatives, rectal bleeding.

Life-threatening complications include rupture of the stomach and disruption of the body's electrolyte and fluid balance, which can cause heart rhythm abnormalities.

Bulimia is related to, but distinct from, another eating disorder, anorexia nervosa, the self-induced "starvation disease," which is also now being seen in increasing numbers of young people. Whereas most bulimics are at or near a normal weight for their height, anorexics drop 25 percent or more below normal weight. About half of anorexics periodically experience binge-and-purge behavior, and this group is considered hardest to treat. Bulimics and anorexics share a morbid fear of weight gain and a fear of losing control over their eating.

Going on binges without purging is often found among obese people. However, according to Dr. Susan Woolley of the department of psychiatry at the University of Cincinnati Medical Center, the obese tend to consume far less food in a binge than do bulimic patients.

Whereas an obese person might count a half a pizza and two brownies as a binge, a typical binge for a bulimic may begin with two packages of cookies and a loaf of bread, a gallon of milk and a half gallon of ice cream and con-

clude with a basket of fried chicken, fistfuls of candy and pastries.

In an editorial to be published in the International Journal of Eating Disorders, Dr. Woolley and her husband, Dr. Orland W. Woolley, note that the currently popular "Beverly Hills Diet," which emphasizes consumption of large quantities of fruit, has many earmarks of bulimia.

The author [Judy Mazel] accidentally struck upon a system that mimics bulimia by producing purges through diarrhea caused by the excessive ingestion of roughage," Dr. Woolley said. "She, like the bulimic, is very sensitive to small weight changes and changes in water balance. Her 'cure' for binges is to eat food that causes diarrhea [excessive urination] and diarrhea."

Experts disagree on how to characterize bulimia. While most view it as a form of substance abuse, akin to drug addiction and alcoholism, others say it is an obsessive-compulsive disorder like compulsive hand-washing.

Dr. Johnson, who considers bulimia an addiction, said bulimics use food to regulate tensions. "They latch onto food, instead of alco-

hol or drugs, because they are basically a bunch of good girls, not lawbreakers, and food has no apparent moral, legal or medical consequences," he said.

Cultural factors that place a premium on slenderness also play a role, the experts believe. In some people, the effort to be thin results in a state of chronic self-induced starvation. As Dr. Woolley put it, "One hundred percent of the people want to be in the bottom 10 percent of a bell-shaped curve of normal weight distribution. This is especially true for women, many of whom try to maintain a weight that is below their normal set point."

She cited studies of starvation showing that people of normal weight who lose a significant amount of weight start going on binges as soon as they are given access to unlimited quantities of food. This phenomenon may explain why bulimia commonly starts at the conclusion of a diet. Dr. Woolley believes that binges get worse with time because the repeated purges impair the body's ability to detect satiation; this results in a need for ever-greater quantities of food to appease "hunger."

Dr. Johnson said his survey revealed that "the bingeing per se is not a gratifying experience" but rather is associated with feelings of disgust, helplessness, guilt and panic. The purge, on the other hand, is a source of relief for most victims.

Based on such observations and on their belief that bulimia is a compulsion, Drs. James Rosen and Harold Leitenberg, psychologists at the University of Vermont, began treatment by preventing the purges.

"The driving force of the disorder is the vomiting, not the bingeing," Dr. Rosen said. "Some bulimics report that they binge only to make it easier to vomit. Once someone has learned that vomiting reduces anxiety, rational fears no longer inhibit overeating."

Thus, he starts by showing victims they can live through the anxiety provoked by eating. As fear diminishes, more normal eating habits evolve, the Vermont researchers said in a report that will soon be published. They say they have completely stopped the binge-and-purge syndrome in a dozen patients treated thus far, with minimal weight gain afterward, but further studies are needed to determine the treatment's long-term value.

Dr. Pyle of the University of Minnesota Hospitals believes the key to treatment lies in learning to eat three meals a day, planning ahead so as to reduce anxiety about food. This is coupled with a program of exercise and relaxation, behavior modification techniques and psychotherapy.

At Massachusetts General Hospital, Dr. David B. Herzog and his colleagues take an interdisciplinary approach to treatment, including psychotherapy, nutrition, social work and dentistry. Dr. Herzog, among others, has found that group therapy is helpful to many bulimics, who generally feel isolated and alienated.



Bulimia: The Secret Addiction

DEMOGRAPHICS

- 95-96 percent female
- 84 percent have some college education
- Mostly middle or upper class

PERSONALITY TYPE

- High standards, low self-esteem
- Achievement-oriented
- Obsessive, perfectionist
- Depressed
- Exaggerated fear of becoming fat
- Average age at onset: 18
- Weight: 65 percent are close to proper weight

THE BINGE-PURGE EPISODE

- Average calories consumed per eating binge: 4,800; range 1,000 to 55,000
- A binge typically occurs about 11 times a week

MEDICAL COMPLICATIONS

- Dental decay
- Sore throat
- Esophageal irritation
- Dehydration
- Stomach rupture

'Bulimics' Are Mostly Young, Upwardly Mobile Women With A \$50-to-\$100-a-Day Habit

Long Dispute Expected On Merits of Private vs. Public Third World Aid

By Iain Guest

New York Times Service

GENEVA — Last week, on the eve of the North-South summit meeting at Cancun, Mexico, the Geneva-based International Labor Organization released a study showing that \$76 billion worth of foreign investment in the Third World had led to the direct formation of only 4 million jobs — 0.5 percent of the total work force.

The study was in stark contrast to an earlier estimate by the agency that 1 billion jobs need to be created in developing countries by the end of the century. It has also served to cast doubts on the view of the Reagan administration that the private sector holds the key to Third World development.

That view, put forward by President Reagan at the International Monetary Fund meeting in Washington and at Cancun, is emerging as a central plank of U.S. strategy for the Third World.

This has left officials in Geneva perplexed, as it comes after years of growing consensus among UN agencies that unfettered free enterprise is a recipe for urban slums and indifference to the rural sector, where most of the Third World's 800 million poor live.

The consensus is now seen as challenged by a U.S. administration that is prepared to project its economic philosophies onto the Third World, to demand cutbacks in the government sector, to reduce aid and to trim the role of international agencies in which it has a decisive say.

"To say we're worried is an understatement," said one official. He predicted a prolonged period of dispute ahead that will overshadow the agreement at Cancun to conduct North-South negotiations within the United Nations.

The most and the least

Shares of world resources and expenditures

	Developing countries	Developed countries
Population	75%	25%
G.N.P.	21%	79%
Export earnings	25%	75%
Military expenditures	23%	77%
Weapons imports	81%	19%
Energy consumption	23%	77%

* latest available year in each case
Source: Weapons imports from United Nations, all others from Overseas Development Council

The first bone of contention is: What is the root cause of Third World poverty? Reflecting their own efforts to curb public spending, Mr. Reagan and British Prime Minister Margaret Thatcher appear to view the cause as excessive, inefficient government. UN officials in Geneva, in contrast, cite a series of external blows over which the developing countries have had no control.

● Commodity prices are now at their lowest level, in real terms, for 30 years because of recession.

● Each extra percentage point on interest rates adds \$2 billion to the cost of servicing the Third World's debts, which rose last year to \$456 billion.

● Oil imports by the non-OPEC Third World now cost up to \$60 billion, and each dollar increase on a barrel raises the bill by \$1.8 billion.

● Reflecting inflation in the West, the prices of food and manufactured goods have risen far faster than the Third World's ability to pay.

From this stems a disagreement over the role of the IMF, whose job as world economic policeman was again defended by Mr. Reagan at Cancun. It is partly a question of the relatively small amount loaned by the IMF to the non-OPEC developing countries — roughly \$9 billion last year against deficits of \$82 billion — and partly the deflationary conditions that come with IMF loans.

Critics complain that these conditions have a depressing effect in countries that lack the West's "social safety net" of welfare and old-age pensions. They also ask what is the point of such conditions if the economic crisis is outside a government's control.

One foretaste of the debate to come was offered recently when the World Bank released a report on sub-Saharan Africa, prepared by U.S. economist Elliot Berg.

At first reading, the report — which was redrafted after protests by African governments — confirms many of Mr. Reagan's points. It criticizes inefficient and "bloated" bodies such as commodity marketing boards, and points with concern to the growth of public expenditure (in Mauritania, for example, this has reached 18 percent of the gross domestic product. In Kenya, the figure is 17 percent.)

Not Less, but Better

Yet one analyst in Geneva viewed the Berg report as a call not for less, but for better, government. He pointed out that the report, as well as calling for a doubling of aid to sub-Saharan Africa, stresses the lack of trained manpower, which the analyst called "possibly the single greatest bottleneck to development" in the continent.

For this official, as for others, two important questions arise from the Berg report and the controversy it has generated: First, whether governments of least developed countries should be prepared to give up responsibility for such key operations as cocoa and coffee-marketing boards and social programs for health, education and employment; and second, if they did, whether the private sector could be persuaded to take their place.

Many analysts in Geneva say that the answer to both is no, because the private sector sees less and less attraction in the diminishing purchasing power and falling living standards of the poorest countries.

This conclusion, which challenges Mr. Reagan's contentions, appears to be borne out by recent work of UN bodies in Geneva.

North Meets South, Rich Meet Poor

The South

	Population (millions)	Area (sq. miles)	1977 GNP (\$ billions)	1977 Per capita GNP (\$)	
Bangladesh	\$90	35	41..	\$2.8	29.6
India	190	27*	242	15.6	12.3
China	260	N.A.	835	N.A.	N.A.
Tanzania	260	N.A.	53	1.1	25.3
Guyana	580	N.A.	N.A.	N.A.	N.A.
Philippines	600	32	356	5.2	17.3
Nigeria	670	2	83	3.7	5.0
Ivory Coast	1,040	10	234	3.6	40.3
Algeria	1,590	2	671	15.3	49.1
Mexico	1,640	4*	1,673	28.8	24.5
Brazil	1,780	39	1,062	35.4	17.7
Yugoslavia	2,430	25	2,440	3.7	5.2
Venezuela	3,120	22	3,055	9.8	20.0
Saudi Arabia	7,280	0	1,554	—	—

* 1976 figures of land area in sq. miles

4 Figures for 1977

* Kilograms of coal equivalent * Figures for 1977

The North

	Population thousands (1976)	Area sq. miles (1976)	GNP \$ billions (1976)	GNP per capita \$ (1976)	GNP per capita \$ (1976)
Sweden	\$11,930	15	8,502..	\$928	.76
W. Germany	11,730	14	6,627	3,512	.43
United States	10,630	31	12,350	7,091	.27
France	9,950	21	4,995	4,041	.62
Canada	9,640	9	13,534	1,035	.42
Japan	8,810	32	4,260	3,300	.32
Austria	8,630	14	6,975	174	.22
Britain	6,320	13	5,637	1,776	.34

Source: World Bank

The discrepancies in wealth between rich and poor countries is especially apparent statistically in relative energy costs.

In Africa, infant mortality claims one in 10 children born. In some countries of sub-Saharan Africa, only 1 percent of the rural population has access to fresh water.

Opportunity for Industry

Officials at the Geneva-based World Health Organization have long argued that such statistics — however appalling — represent a major opportunity for private industry. For example, urgent efforts are under way to develop new anti-malarial drugs following signs that the parasite that causes the disease has developed resistance to drugs in a broad stretch of Asia and Latin America.

But only one new drug, called mefloquin, being tested by the Swiss company F. Hoffmann-La Roche & Co., is expected to come onto the market in the near future. WHO officials are alarmed that the number of large companies actively researching anti-malarials has fallen in about the last three years from 15 to five.

Part of the reason, they concede, is the role of WHO itself. In an effort to cut Third World import bills, for instance, WHO has urged Third World governments to limit the range of

drugs they buy to 200 essentials, and has offered to act as intermediary in bulk buying, further reducing the incentive for industry.

In addition, however, there is the huge cost of developing a new drug — put at more than \$15 million in the case of mefloquin. Despite the involvement of Hoffmann-La Roche, most of the expensive research on the drug was conducted at the Walter Reed Army Hospital in Washington.

But WHO officials feel that the main reason for the companies' reluctance is the poverty of the governments that most need the drugs.

"They prefer to develop drugs against rheumatism and arthritis for use in affluent countries where they can make a profit," said Walter Wernsdorfer, an official in the WHO malaria division.

Greater Commitment
While industry clearly has a role, say WHO officials, it cannot substitute for a greater commitment to health programs by governments, help from multilateral agencies, and major foreign aid — all of which are viewed with suspicion by Mr. Reagan. In 1977, developing coun-

tries spent \$75 billion on health, of which only \$400 million came from aid.

The ILO report that foreign companies have directly created only 4 million jobs in the Third World also points out that investment has missed both the poorest countries and the neediest sectors.

Of the \$76 billion of direct investment in the Third World at the end of 1976, \$41 billion was invested in 10 of the most advanced countries, with Brazil accounting for \$10.7 billion. Despite its needs, Africa's share was only 14 percent — a decline from 19.4 percent at the end of 1970.

Barriers Need Lifting

According to a related ILO survey of 250 companies, 87 percent of the jobs created were in manufacturing, and only 1 percent in agriculture.

ILO officials have long argued that instead of depending on foreign investment, governments should implement land reforms and programs aimed at meeting the basic needs of the very poor. This in turn, they say, would create a better climate for Western investment.

The first bone of contention is: What is the root cause of Third World poverty? Excessive, inefficient government, or a series of external blows over which developing countries have had no control?

Yet ILO officials also agree with Mr. Reagan that barriers to the Third World's most competitive products must be lifted. They have thus watched with alarm as the United States and the European Economic Community have fought for tougher rules on textile imports once the current quota-setting multilateral arrangement expires at the end of this year.

At the end of 1980, Third World debts stood at \$456 billion. Of this, roughly \$300 billion has been loaned by private banks — and nowhere else is its involvement with developing countries in the private sector quite so exposed.

"The banks have done a heroic job," said Dragoslav Avramovic, a Yugoslav economist with the UN Conference on Trade and Development. Nonetheless, he said, the limit has almost certainly been reached, and he warned of "catastrophe" if a major debtor such as Brazil, which owes \$45 billion to banks, were to default. At the end of 1980, 26 developing countries were in arrears over repayments.

Other officials at the trade conference point out that as the private banks have taken on a larger share of loans to the Third World, the poorest countries have received proportionally less, because they are not considered creditworthy. The effect of this has been to increase the need for official government aid.

The conference's recipe is for sweeping structural reforms under the banner of a "new international economic order," and this has brought it into sharper conflict with the United States than any other UN agency.

Still, a growing number of UN officials agree that some kind of across-the-board changes involving debt relief, commodity stabilization and a substantial transfer of resources (assuming this could be achieved without fueling inflation) may be the only salvation for an increasing number of countries.

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A SPECIAL SUPPLEMENT

Opening the Gates

By Mark J. Kurlansky

TAKE A MAP of Europe including everything from the Ural Mountains to the Atlantic and color in all the countries belonging to the three important trade groups — EFTA (European Free Trade Association), the Common Market and the Soviet bloc's COMECON — and there are only two countries left in isolation: Albania and Spain.

For centuries we have been isolated from what is our real space," said the Spanish Secretary of State for Common Market relations, Raimundo Bassols.

The late Generalissimo Francisco Franco and the Falangist philosophy from which he derived much of his style espoused a distrust of everything foreign. For 36 years he isolated the country as much as possible. After his death in 1975, Spain began to reawaken to a modern postwar world, and began to deal with four decades of postponed decisions.

Some of these, such as NATO entry, are controversial and the nation has been thrust into a dizzying storm of major economic, defense and foreign policy debates. But on the broader issue, to abandon isolation, there is a strong consensus.

"The tragedy of Spain," said a well-established Spanish painter, "is that Franco didn't die a little earlier." This sentiment is often heard from laymen and politicians. Franco spent his last years riding out a period of great economic growth. At about the time of his death, the recession that had hit the rest of the world two years earlier swept into the Spanish economy.

Economic Growth Rate

In the last decade of Franco's rule the economic growth rate averaged seven percent. Inflation is also running high but the greatest problem in social terms has been unemployment. There are more than 1.6 million unemployed Spaniards, a figure that has doubled since 1977.

These problems not only make it difficult for Spain to open into Europe but give ammunition to retrogressive elements under the increasingly familiar slogan "We lived better under Franco."

"The Spanish people are a people tightly bound to democratic liberty who did not live well with fascism," said Socialist leader Felipe Gonzalez. This is the image that most Spanish leaders want to give the world. The attempted coup d'etat in which the military held the legislature at gunpoint in front of the television cameras was seen as a humiliation and an insult to what they have been trying to build. The Madrid daily El Pais characterized the attempt in an editorial the following morning as "a humiliation for the dignity and maturity of one of the oldest nations in the Western world."

After the coup attempt, Spain underwent a nervous period in which the Socialist opposition worked closely with the ruling UCD (Union of the Democratic Center) and compromise accords were drawn up on certain issues, such as the economy and regional autonomy.

This fall has begun with a greater sense of confidence. Mr. Gonzalez, who was warning of further dangers last spring, said, "There is no reason internally or internationally to think that a coup d'etat attempt could succeed."

European Democracy

Spain is back to taking on the controversial question as to what kind of European democracy to become. Under the pressure of issues such as a scandal over poisonous olive oil that has killed 165 people, public education, private television, NATO entry, the decentralization of the government and the worsening economic picture, the political parties that were formed in haste after the death of Franco are shifting, fraying and splitting.

The Socialists are moving closer to the center. The UCD, a party that Antonio Garrigues (a multinational lawyer who refused a post in the government to develop his own "liberal" movement) describes as "trying to have the three main ideologies of Europe live together in one party," is dividing into at least three identifiable factions.

This fall Spain is, in the words of Mr. Garrigues, "getting down to real politics."

It may be that the post-Franco period is ending and a new period beginning. There is still an air of excitement and change. Banks and major industries are reorganizing, social institutions are being re-evaluated, the arts are being internationalized and, after centuries, Spain has the fresh, youthful feel of a new country.

David Baird is a British free-lance journalist based in Malaga.

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SPAIN



Nation Attracting More Foreign Investors as EEC Entry Nears

By David Baird

SPAIN is vigorously courting foreign investment and the obvious attractions have brought in a flood of foreign interests that often appear to have more faith in the country's future than the Spaniards themselves.

Apart from generous tax and credit incentives, Spain's future entry into the European Economic Community is a potent lure. With unemployment running at 13 percent of the work force, labor-intensive ventures are particularly welcome, and the trade unions have united some of the militancy that marked the first years of the transition to democracy. Direct foreign investment last year totaled \$1.2 billion.

The February coup attempt does not appear to have shaken confidence and there is a general feeling in the business community that finally the government is taking necessary steps to sort out the economy. One influential foreign banker in Madrid said, "I'm very optimistic about Spain's future in terms of foreign investment. If I had the choice of investing in France or Spain, coup or no coup, I know damn well I would rather risk it here than in France."

Liberalization

As part of a liberalization program, only investments of more than \$5 million now need to have cabinet approval. Attempts are being made to reduce the red tape involved in investing in one of the industrial expansion areas where free or cheap land is available. Priority is given in obtaining official loans and some

taxes are reduced by up to 95 percent for five years. Profits and dividends can be freely repatriated and export credits are available on favorable terms.

Leading the way in Spanish investment is the United States (42 percent of new investment in 1979 and 25 percent last year), followed by Switzerland, France, West Germany and the Netherlands. Arab oil money has also been arriving, chiefly to buy real estate and interests in tourism ventures. Chemicals, financial institutions and the hotel business continue to attract foreign money, but the biggest sector by far is the automobile industry.

Foreign Interests

Ford led the way in the early 1970s by investing an initial \$600 million to establish a factory near Valencia to produce its Fiesta. From the start it was a success story and last year Ford Espana turned an \$8.4-million profit. "By any terms of measurement, the Spanish project is one of the best investments Ford has ever made," said Carl F. Levy, founder of the Valencia factory. After 27 years with Ford, he left to become managing director of a new American project with International Harvester.

International Harvester has acquired 35 percent, with an option to take a further 30 percent, of the state-owned Enasa (Empresa Nacional de Autocamiones), which produces trucks, buses and vans. With Mr. Levy at the helm, International Harvester is injecting \$500 million and its technology into Enasa. A new company, known as Enasa Internacional, with a majority IH interest, has just bought a site

outside Madrid for a factory to produce 80,000 four-cylinder diesel engines a year by 1985. Eighty percent to 85 percent of the engines will be exported. IH designs will also be used for a new line of Enasa farm and vineyard tractors.

One Madrid-based business expert said, "Everything is not cast in concrete here. It may be the last opportunity to get into the EEC environment writing your own rules."

General Motors clearly understood that, when it extracted generous terms from Spain in return for investing more than \$2 billion in the biggest single foreign investment project ever.

More than 12,000 jobs will be created by the company's factories under construction in Saragossa province, near Cadiz, and at Logrono. Production is due to start in September, 1982, of a new economy car intended chiefly for export. Annual output is planned to reach 270,000 vehicles. The project benefits from cheap land and official credits and subsidies, demonstrating government eagerness to encourage development in particular areas.

Japanese Present

The Japanese are also establishing a toehold in Spain. Yamaha caused some alarm to domestic motorcycle manufacturers with its move to take over two companies. Nissan, with a 36 percent interest acquired from Massey Ferguson, is introducing its technology into Barcelona-based Motor Iberica. The company is gearing up to turn out a Japanese-designed four-wheel-drive vehicle and a van for export markets. Meanwhile, the financially

troubled Seat automobile company is seeking a partnership with Toyota to replace Fiat, which abruptly backed out of a take-over deal last year. Seat desperately needs multinational links to attain viability.

Preparing for EEC entry, Dow Chemical is investing heavily in expanding its Tarragona installations. Recently it agreed to pay Enpetrol, the state petrochemical giant, \$150 million for an ethylene plant instead of building its own plant as previously planned. Spain is looking for the latest technology, and food processing, electronics and consumer goods appear to offer bright opportunities. The country's drive to become less dependent on oil imports opens up new vistas. In Bilbao, work is proceeding on a super port intended to be a major transshipment point for coal and other materials. Elf Aquitaine is one of the foreign interests already participating.

It is noteworthy that a good part of the revival of the Madrid stock market has been due to foreign investors' buying up shares in banking, electricity companies, chemicals and other enterprises.

Debate Over NATO Membership Heating Up

ONE of the primary preoccupations of the Spanish government this fall has been entry into NATO, a move that is not only unpopular but, according to a recent poll for the Madrid daily newspaper El Pais, is considered a priority issue by only 3 percent of the population. Nevertheless, large demonstrations have been held and the signatures of hundreds of thousands collected to oppose NATO entry.

Former Premier Adolfo Suarez backed off from the NATO issue while in power, feeling that other related points, such as the status of Gibraltar, needed to be straightened out first. But when Leopoldo Calvo Sotelo came to power he immediately began moving toward NATO entry.

"As a medium [power] country we share the common dangers of Western countries," said Foreign Minister Jose Pedro Perez-Llorca in a private interview shortly after rejecting a Soviet memorandum cautioning Spain against the NATO move.

Mr. Perez-Llorca emphasized that Spain intended to be "a strong supporter of détente in NATO. We do not want our decision to be misunderstood and considered hawkish." In fact, the government is insisting that no nuclear weapons be placed on Spanish soil.

In 1979, the Spanish had the United States withdraw its nuclear weapons from the Rota submarine base. They are also insisting that the Spanish command all forces on Spanish territory and in territorial waters.

A major reason for seeking entry is simply to build more ties to the Western world. The advocates for entry see it as a step in Europeanizing and modernizing the country. In military circles it is seen as a chance to modernize the Spanish armed forces. There is also a widely questioned argument that NATO entry would Westernize the conspiracy-prone rightist military. "Modernization of the mind" was the phrase used by one top government official.

Until now, the main military tie with the



Jose Pedro Perez-Llorca

Western world has been a series of bilateral treaties with the United States that began in 1953. The relationship consisted mainly of American loans and grants, which chiefly went to the military in exchange for the use of four bases. The last treaty, signed in 1976, was to have expired in September but was extended eight months because the two nations have not yet agreed on a new accord.

To many Spaniards, the relationship with the United States is a symbol of the Franco era. American ties with the late Generalissimo

Francisco Franco are still resented by a large segment of the population. "We were traumatized by the American approval of the dictatorship of Franco," said Socialist leader Felipe Gonzalez.

Those Spaniards who still favor a bilateral accord feel that the United States should offer more in both civilian and military cooperation than was offered to the late dictator.

"As is natural, the less-strong country in a bilateral negotiation of this nature should make sure that it is getting what it needs," said Robles Figuer, who was heading the Spanish side of negotiations.

National Referendum

New negotiations will not begin until after the NATO issue is resolved. "Entry into NATO will greatly facilitate obtaining our goals on the bilateral treaty," said Mr. Perez-Llorca. Some advocates of NATO entry even suggest that it will make a bilateral relationship with the United States unnecessary.

The Socialists (PSOE) and Communists (PCE) vehemently oppose the Spanish entry into NATO. Even in the ranks of the ruling UCD (Union of the Democratic Center) there is uncertainty. The government, pointing to one article in the Spanish Constitution, wanted to decide by a simple majority in the legislature. The left, pointing to a different article in the Constitution, wanted a national referendum. The government, with enough legislative votes behind them, refused the referendum.

There is good reason to think that a national referendum would be easily won by the anti-entry side. The most recent poll, taken this month by Sofemasa for the respected Socialist-leaning El Pais, showed 52 percent opposed to entry and 18.1 percent in favor. The referendum approach was favored by 69 percent.

Spain has been neutral since 1939 and has relatively open relations with the Soviet Union. It also has close ties with the Arab world (Spain does not recognize the state of Israel). Opponents fear that NATO entry would jeopardize Spain's unique position. Felipe Gonzalez insists that he does not oppose NATO but only Spanish entry at this time. He points out that NATO would not defend Spanish interests in the North African enclaves of Ceuta and Melilla and would oblige Spain to defend the popularly resented (in Spain) British sovereignty of Gibraltar.

The government acknowledges that there is strong public opposition to the NATO plan, but insists that it is "too complex" an issue for a referendum. They are anxious to get NATO entry passed this fall and proceed with the political rehabilitation of the UCD which has become particularly urgent since their defeat in the recent Galician autonomy elections.

Delaying Tactics

Socialist delaying tactics have already caused them to miss their first goal, which was the Oct. 27 reopening of the Madrid Conference on Security and Cooperation in Europe. The next target is Nov. 26, when Common Market discussions on Spanish entry will take place in London. It is hoped that NATO entry might have a positive effect on those talks. Premier Calvo Sotelo will also go to London

(Continued on Page 8S)

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SPAIN

Opposition Leader: A Man on the Move

AS EACH new, thorny issue — divorce, private television, NATO entry, rising unemployment, a scandal over toxic olive oil that has killed 163 people — divides and subdivides the ruling UCD (Union of the Democratic Center) party, it is being thought more and more likely that the 39-year-old leader of the opposition, Felipe Gonzalez of the PSOE (Spanish Socialist Workers Party) could be president of the Spanish government by 1983.

Casualty but well-dressed, seated in his modest and comfortable office on the top floor of the closely guarded party headquarters in the Rios Rosas section of Madrid, he puffs on an exquisite, hand-rolled, eight-inch Havana cigar that he said was sent to him by Fidel Castro. He speaks articulately and with confidence, but with an underlying intensity that he can use to mesmerize crowds. In the world of politics he could be called a natural.

Mr. Gonzalez, who spent his youth in underground anti-Franco activities and as a labor lawyer, said he is not a politician by calling. "I am in political activities for moral reasons. I am, they say, relatively young for a politician. I had not thought about a governmental role in my life. I was in a struggle against a dictator for 20 years and after the dictator, I have tried to fight to consolidate a democratic regime."

He feels that the United States has sometimes had a negative influence in that consolidation process, such as U.S. Secretary of State Alexander Haig's failure to condemn the attempted military coup d'état on Feb. 23 in which Mr. Gonzalez and the rest of the Spanish legislature were held at gunpoint. Mr. Gonzalez protests what he sees as the American "image of Spain as an underdeveloped country on the one hand and a country without a [democratic] tradition and on the other hand with a very negative tradition more or less like Turkey [where a military coup] was accepted not only by the United States but much of Europe as the lesser evil... Spain is not Turkey."

As is evident at a press conference, where he skillfully fields questions from reporters, the United States is a favorite subject for Mr. Gonzalez. When confronted with a U.S. issue, his index finger strikes out belligerently as he makes his points. Although he often speaks severely of the United

States in public, privately he admits to a fascination that has been nurtured in his recent coming of age as an international figure.

He had always refused to go to the United States, a country he has since childhood resented for entering into a treaty with Generalissimo Francisco Franco in 1953. "Franco reinforced the dictatorship," said Mr. Gonzalez. But his first visit to Washington and New York in 1977 changed his image of America. "Since that moment, I am always of a disposition to go there, to know the society, the ambience and the politicians of the country."

"I was struck by that experience — the capacity to express liberty, to breathe, to live in the society — even if I have many criticisms."

The Spanish opposition leader concedes that it is more difficult for him and his party to maintain good relations with the Reagan administration than it was with the Carter administration. But he is not totally dissatisfied with the Reagan hard line toward Moscow. "I am afraid of the increase in international tension. But on a broader reflection I believe, sincerely, that for the Soviet Union to understand, to sit around a table, it is better with the hard-line Republican administration than the Democratic administration."

Mr. Gonzalez speaks of "the logic of superpowers beyond ideological differences" that enables them to understand each other. He said that former President Jimmy Carter "broke from the superpower logic, and he paid."

Mr. Gonzalez, who as vice president of the Socialist International drafted the Socialist stand supporting Nicaragua and the guerrilla movement in El Salvador, is less content with superpower logic in other areas. "It is very difficult to understand the United States on the problems of Nicaragua, El Salvador and Central America. It is very difficult to understand the Soviet Union vis a vis the problem of Poland."

Asked in what sense of the word he was a Socialist, the man who had the name of Marx struck from the doctrine of his century-old party smiled and said, "In all senses," and then added without the smile, "but not in the communist sense. I think that especially in the United States there is tremendous confusion of concepts, of ideologies, of political programs."

Mr. Gonzalez feels that Americans do not understand the impor-



Felipe Gonzalez

tance of his brand of European socialism in Europe and other regions. According to him, in Latin American countries, "the best redistribution of wealth is democratic socialism and in this sense the fundamental barrier against the implantation of communism is always a democratic socialist movement."

On Spanish-American relations, Mr. Gonzalez said, "Really, we have had no reason to be satisfied with the United States in the past," and cautions that there is "a very delicate historical change taking place in the youth of Europe."

He said: "The youth of Europe did not see World War II. They did not live through the United States as liberator. They have today's experiences. They are today in a debate that began with the Vietnam war. So today the debate on nuclear arms, Iran, economic independence, is creating a refusal of the United States among the young which I think will be very difficult to repair. I think that the United States is not sensitive to this change of opinion, which forgets the role of liberator, the Marshall Plan, etc."

Mr. Gonzalez, who is leading the fight against Spanish entry into NATO, sees a unique role for Spain in the world. "In East-West relations it is clear that Spain is the West in all senses and historical conditions. In North-South relations it is a country halfway between the North and the South. Not only because of geography but because of development. It is a country that expresses the inequality between the North and South because it is situated geographically and economically in that place."

—MARK J. KURLANSKY

Air Travel Soars, Roads and Rails Gain

By Mark Williams

ON SUMMER weekends, Palma de Majorca's Son San Juan Airport is one of Europe's busiest, handling more than 500 flights and 60,000 passengers daily. Yet, during the winter, traffic falls dramatically. The highly seasonal nature of some "tourist airports" is just one variable complicating Spanish airport planning. Another is the unusually large number of international airports.

"There are 33 civil airports in Spain with more than 20 receiving international flights," explained Luis Alvarez, Spanish minister of transportation, tourism and communications. "Eleven others, belonging to the military, are also used commercially. Germany, by contrast, has only 12 international airports."

Problems in running so many major airports efficiently have been compounded by the spectacular growth in air traffic over the last two decades, from about 3 million passengers in 1960 to more than 45 million last year. Because of Spain's unusually tough terrain, with Europe's second highest average altitude, Mr. Alvarez said, surface transportation was retarded and the country developed a high dependence on the airplane. Expansion was not always matched by improved services.

Recently the government won approval of a five-year, \$820-million program designed to restructure and modernize Spanish airports. Most of the money will be funneled into 10 regional destinations that receive the bulk of traffic. The remaining provincial, municipal or strictly tourist airports will receive less attention.

"The plan is designed to improve three basic areas: air traffic control through semi-automation, the general infrastructure with new and better terminals, runways and loading facilities, and airport services like security and passenger control. Things like baggage handling and reservations are affected indirectly," said Mr. Alvarez.

Spanish authorities have already begun several projects, including new terminals at Madrid and Valencia. The new Vitoria Airport serving the Basque region is Spain's most modern. "We are rationalizing the system to improve security, efficiency and economy. By 1985, Spain's airports will match Western European standards in every sense," said Mr. Alvarez.

Winds of change are also blowing at RENFE, Spain's national railway network. A decade ago, the antiquated train system was a traveler's nightmare. Anyone unwittingly boarding the train found himself stopping at every village en route. The *rapido* and *expreso* trains, which charged "velocity supplements," made a mockery of their names by finally depositing bone-weary passengers at their destinations many hours and even days after departure.

Primitive Spanish rail conditions began to change in 1958 with the first Ten Year Plan and more improvements came during the 1970s. Another giant stride toward a first-class rail network was taken in July with the *Plan General de Ferrocarriles* for 1982-1984, part of a \$3.2-billion project stretching to 1992. RENFE will add tracks, electrify and renovate others, break up traffic bottlenecks and purchase hundreds of modern cars and locomotives.

Basic Rail Design

Spain's rail system suffers from its basic rail design — making trips to and from Madrid relatively easy and others challenging. For example, the *expreso* service linking Barcelona and Malaga makes the 1,200-kilometer trip in just under 31 hours. Travel by rail between Catalonia and the Basque region is problematic.

The new plan concentrates on seven major traffic nuclei. By increasing the average train speed for 140-160 kilometers an hour and improving efficiency generally, RENFE plans to cut 30 percent to 40 percent off travel times and double the number of weekly services along heavily traveled routes.

An estimated total of 80 percent of Spain's commercial surface transport moves on the nation's roads, which remain backward by EEC standards. Less than 1.5 percent are superhighways and an ambitious building program has been frozen by the Ministry of Public Works in order to concentrate on repairs to existing roads. The \$157 million being spent in 1981 is considered insufficient. Roads are Spain's next big challenge in modernizing its transportation network.

Mark Williams, an American, is a free-lance journalist based in Malaga.

Debate Over NATO Entry Is Heating Up

(Continued from Page 75)

at an undisclosed date to discuss, among other things, the status of Gibraltar.

At the latest, the government hopes to be ready in December when NATO has indicated it would like to extend the invitation.

The UCD will not by itself have enough seats to carry the vote at the close of this week's debate in Congress. But combined with the almost certain 9 rightist votes and help from either the Catalans or the Centrist Basque National Party (both of whom are likely to either


back entry or abstain), they can win a simple majority. Then it will take about three weeks in committee to come to the floor of the less-powerful Senate, where the UCD has a majority.

Polls indicate that national elections, which will have to be called by 1983, could sweep the Socialists to power, putting Mr. Gonzalez in the position of his Greek counterpart, newly elected Premier Andreas Papandreu. Mr. Gonzalez, who has been watching the new Greek government with great interest, said, "If Spain can enter NATO by a simple majority, it can leave by a simple majority." More recently in a congressional debate he said that if he became premier he would hold a referendum on the issue.

—MARK J. KURLANSKY

Area	504,879 square kilometers
Population (1979)	37,073 million
Inhabitants per sq. km	73
Net natural pop. increase (1978)	308,000
Employment (1980)	11.24 million
GDP (1979, billions of pesetas)	13,227
GDP per capita (1979)	US\$5,315
Exports (1979)	US\$18.2 billion
Imports (1979)	US\$25.4 billion
Currency	97.995 pesetas = \$1

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SPAIN

Industrial Restructuring Vital but Painful

DURING the next five years, Spain is to push through a vital — and inevitably painful — program of industrial restructuring.

It will affect 7,500 companies employing more than 600,000 workers, and the cost has been estimated at \$5.7 billion. The sectors affected include shipbuilding, steel, textiles, footwear and paper. Considerable controversy surrounds the program, due to be debated this fall in the Spanish parliament, but the government insists there is no alternative.

Spanish industry's problems date back to the mid-70s when, preoccupied with the political transition, Madrid paid little attention to the recession due to the oil crisis. While other European countries were already adjusting to falling demand, some Spanish industries optimistically pushed ahead with expansion projects. Bulk steel was the most notable example. A 1974 plan predicted steel consumption of 20 million tons by 1982, but this year's figure is likely to be closer to 8 million.

Deeper Into Debt
Saddled with overblown production capacity, many industries have fallen deeper and deeper into debt. Whatever chances they have of recovery have been crushed by the heavy burden of servicing these debts. Many have lacked the

finance, or the will, to modernize equipment. At the same time, as markets began to diminish, wage bills soared. Looming in the near future is entry to the European Economic Community, where Spanish industry, accustomed to protection against outside competition, will face a severe challenge.

Sector by Sector

Instead of trying to rescue individual firms, the government has decided to tackle the problem sector by sector. The aim is to clean up industry's finances, boost productivity and generally prepare it to meet competition on the open market. The operation will be delicate and some blood is sure to be drawn. Although the Ministry of Industry wants to keep companies afloat, if possible and to maintain jobs (15 percent of the work force is already unemployed), nationalization will take its toll. About 70,000 workers will have to be pensioned off or relocated.

Businessmen are concerned that the trade unions will use the rescue program to assume powers, usually the prerogative of management, while the unions argue that since large amounts of public funds are involved, they have the right to a say in their use. Worker cooperation is clearly necessary if the plan is to have any chance of success.

Steelworkers have agreed to wage increases of 9 percent this

year and increases will be limited to 70 percent of the consumer price index in 1982. Retirement and redundancy will shave 5,800 from the integrated steel industry's 44,000 employees.

The First Step

The first step in overhauling the big three, Altos Hornos de Vizcaya (27 percent owned by U.S. Steel and the rest by major banks), and state-owned Enxidea and Altos Hornos del Mediterráneo, requires recasting their finances. Debts of \$1.6 billion are being renegotiated and low-interest credits arranged.

The trade unions fiercely oppose the proposal to slash by 5,000 the big shipbuilders' work force of 31,000 and to close some yards. After a colossal boom in the early 1970s, Spanish shipbuilding slumped badly but now orders are picking up.

Trouble in Textiles

Textile manufacturers, employing 420,000, are in trouble because of competition from Third World countries, dated technology, high financial costs and over-fragmentation. A 10 percent cut in the work force, the introduction of an extra shift, and investment in new machinery are among the proposals for this sector. The footwear industry, with 50,000 workers spread over 1,400 companies, is also hammering out a plan that would

increase productivity by 40 percent within three years, according to management. The manufacturers want a \$200 million injection of cash to put the sector on a sound basis.

Apart from these changes, the state holding company INI (Instituto Nacional de Industria) is attempting to bring more efficiency and sound management to the companies it controls, involving everything from coal mining to making ball bearings. Often forced to take over lame-duck enterprises, INI is giving more attention these days to energy resources and modern high technology industries.

\$225-Million Loss

It controls Spain's national automobile company, Seat, for which it has been trying to find a foreign partner following Fiat's decision last year to give up its interest.

Seat produced 297,000 cars last year, but lost \$225 million, partly because of heavy financial burdens. In a new strategic plan, 7,000 employees will be shed from the 32,000 work force and an emphasis will be placed on developing its own technology.

In the ultra-competitive 1980s, Seat needs a multinational partner to guarantee large-scale production and international outlets. The likely candidate is Toyota.

—DAVID BAIRD

International Currents Attract Spanish Artists

IN SPANISH painting, as in American, there was a phenomenon called the generation of the '50s — artists who reached maturity and created their own thriving school of art during that decade. As in New York, they were abstractionists.

These painters were isolated by the political situation in Spain at the time. "The civil war broke off everything," said Pablo Lopez de Osaba, director of the Museum of Abstract Art in Cuenca. "The artists worked almost in a vacuum."

It was a total vacuum. Jose Guerrero, for example, went to New York in 1949 and his work showed the influence of the close personal contact he had with artists such as Mark Rothko. But abstract art, as one of the few tolerated vehicles of political protest, had a special function in Spain. With the tradition of painters such as Picasso, Gris and Miró behind them, Spaniards began developing their own anti-state abstract art groups, first in Barcelona in 1948, then the El Paso group in Madrid.

There were also independent abstractionists such as Guerrero, Gustavo Torner and Fernando Zobel. It was primarily from these independent abstractionists that the Cuenca Museum grew.

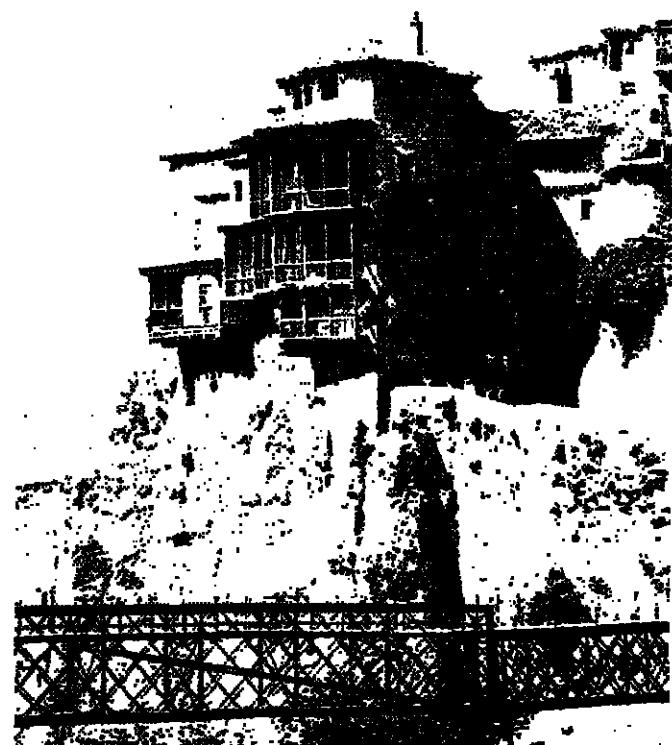
The abstractionists were allowed. "Franco did not really repress painters like writers," said Fernando Zobel. "We were used by Franco to say, 'See, it's allowed.' Of course, that was as long as you followed certain rules — didn't talk politics."

Art in Provinces

But abstract art was also ignored. Today, the Fundación Juan March, which owns the Cuenca Museum, is taking shows to people in the Spanish provinces and they are seeing abstract art for the first time.

"At the time [the 1950s] no one was paying any attention to us," recalls Mr. Zobel. "The only people collecting the paintings were the painters themselves." The only collections were those of the painters like Mr. Zobel, who has amassed a considerable collection by trading with his friends. Eventually a group of these painters decided to look for a way to show the public their work. The town of Cuenca offered them a "hanging house" (so called because the 15th-century buildings are cantilevered on the edge of a 90-degree drop in a rocky gorge of the Júcar River).

The painters wanted to make it an artist's museum. They spent three years adapting the interior — the last year of which was spent on hanging paintings. "We tried to hang them the way artists like it," said Mr. Zobel. The result is one of the world's most perfect museums. The interior architecture, designed by painter Gustavo Torner, a native of Cuenca, combines the elements of the 15th-century wooden-beamed house with the sense of clean line and space needed to



The Museum of Abstract Art at Cuenca.

display abstract art. Around every corner is a visual impact, including windows revealing the rugged beauty of the countryside.

Today, many of the original artists, such as Torner, Zobel, Gerardo Rueda and Antonio Saura, live at least part of the year in Cuenca. The museum's collection has tripled and includes some newer abstractionists. But today's Spanish art has left the Franco era.

"The young now have books and masters and the possibility to see a Rothko," said Mr. Lopez de Osaba. "All the young know what they are doing in Los Angeles and Tokyo." The result is that there is no longer a distinctly Spanish school. "The younger crowd could be almost anything," said Mr. Zobel. "They don't necessarily look Spanish. They look international. All of Europe is doing more or less the same thing."

"To the generation of the '50s, art was an opposition to order," he said. "Now the bottom is falling out of that." Spanish abstract art has rejoined Europe.

—MARK J. KURLANSKY

Feb. 23 Coup Attempt Leaves Nation With Trauma, Unanswered Questions

THE QUESTION that haunted Spain for years — "After Franco, what?" — seemed perversely answered last Feb. 23, when a pistol-waving Civil Guard named Antonio Tejero and 280 companions held the Spanish parliament hostage and army tanks rolled through the streets of Valencia.

A brief euphoria when the coup crumbled and pride in the king's heroic posture gave way to embarrassment at its comic opera aspects, the boldest golpe de estado since Gen. Pavia rode his horse up the steps of the Cortes (parliament) building in 1874. When reality sank in, it became clear that the coup was no mere crackpot stunt, but a serious attempt at armed rebellion which stretched high into the feared Spanish military establishment. Panic gripped Spain's politicians, most of whom had felt first-hand the brutal alternative to parliamentary debate.

The Socialist leader, Felipe

Gonzalez, said, "The question is not who will win the next elections, but if there will be elections." President of the Basque government, Carlos Garaicoechea, said, "February 23 defined the ground we walk on, the political realities of Spain."

Warning by King

Hours after the aborted coup, the king met political leaders and warned, "I invite all to reflect and reconsider postures that might lead to greater unity in Spain and more agreement among the Spanish people." In 24 hours, the country had changed. La política de conciliación (consensus politics) had arrived.

Actually, the idea was not new. Burying party dogma for the common good had produced the Moncloa Pact in 1977 and approval of the new Spanish Constitution a year later. The first step was the confirmation of Premier Leopoldo Calvo Sotelo, a respected administrator from the strife-torn Center

Union Party (UCD), who promised compromise. Transition, he said, was finished. It was time for consolidation of democracy. The opposition agreed.

Decisive Issues

The government and opposition parties were clearly frightened by Feb. 23 and proceeded as though walking through a mine field. The three most decisive issues in Spain — terrorism, unemployment and regional autonomy — were tackled. The army was sent to patrol the French border and new anti-terrorist measures adopted. A generous labor accord has defused strike threats for the moment and the autonomous process was "harmonized" in a bipartisan pact. Consensus was in bloom.

Other major bills were forced through the Cortes. A law in "defense of the Constitution" defined states of alarm, siege and emergency, during which civil rights concerning search and detention and

freedom of the press could be revoked. The status of the Spanish flag, Castilian language and the terms nation and nationality were clarified and restricted. Four communists were expelled from the Party for insulting the national flag.

If the plotters of Feb. 23 failed to set up their government of national salvation, some argued that a "de facto coup" had taken place, and worried that Spain's democratic institutions might become mere window-dressing for a government ruling from behind closed doors. Lenient treatment and the release of many accused conspirators fed fears that the government had capitulated. The mustachioed Col. Tejero, fast becoming a right-wing folk hero, relaxed, welcomed admirers and began writing his memoirs.

Part of Spain's post-coup hangover involves the "golpe syndrome," a sinking suspicion that one false step might lead to another. This collective paranoia was fueled by the spectacular assault on a Barcelona bank in May, when mysterious hoodlums demanded the release of Col. Tejero and others were linked with another plan to bomb the Armed Forces Day Parade. A hare-brained plot uncovered on June 23 involved a plan to kidnap the king at the Oriente Palace and force him to abdicate or flee.

Among the four military and eight civilians arrested and later released was National Police Commander Ricardo Saez de Ynestralza, co-plotters with Tejero in the bungled 1978 coup "Operation Galaxy." As late as Aug. 27, Portuguese intelligence services warned Madrid of an imminent putsch, which proved a false alarm. Coup predicting has become a popular diversion in Spain.

With the trial of the Feb. 23 conspirators still months away, several questions are still unanswered. Did prior knowledge

prompt Adolfo Suarez to resign with hopes of defusing the coup? He denies he was tipped off. Did Spanish intelligence services fail to detect the plot or merely forget to report it? Some high-ranking officers stand accused. What was the confusing role played by Gen. Alfonso Armada, deputy chief of staff and long-time royal confidant? During pre-trial testimony, he tried to implicate everyone from the Socialist Party to the king. How many of Spain's regional commanders were ripe for revolt on Feb. 23? Tough-talking Jaime Milans del Bosch said all but two.

Most interesting are the coup's civilian roots. Many believe that a vast network of rightist extremists planned and financed the coup, with army officers playing a supporting role and Col. Tejero the ultimate fall-guy. Suspicion centers on Antonio Giron de Velasco, 69, former minister of labor under Franco and head of the National Confederation of War Veterans, whose spokesman, the newspaper

El Alcazar, has been a ceaseless apologist for the golpistas. Mr. Giron, long fond of issuing apocalyptic manifestos, has been accused by the Spanish magazine Cambio 16 of being godfather of the more than 100 civilians, including several former ministers, supposedly involved. He has not been officially charged.

PSOE Deputy Guillermo Galote said, "The coups were organized by the extreme right and not the army, and as long as the government does not deactivate them we will live in a state of permanent golpe."

The Trial

All but one of the 33 accused of military rebellion are members of the armed forces or civil guard and the prosecutor is asking for sentences of six to 30 years. The military tribunal handling the case has already heard over 6,000 pages of statements, but the actual trial is not expected to commence until early next year. Some are eager to

see justice, but others fear new and unpleasant revelations about the depths of coups sympathy. Col. Tejero has named Gen. Jose Juste, first seen as an anti-coup hero, of co-conspiracy and he has been temporarily removed from his post. Some old-guard generals are being nudged into reserve status.

No one is sure which is more dangerous — to encourage another coup by failing to punish the plotters or to anger the army by arresting and trying everyone suspected in involvement. The upcoming court martial looms as the supreme test of the young Spanish democracy.

Meanwhile, the rule by consensus born in the shadow of February 23 seems unstable, as the UCD and PSOE lock horns over Spain's NATO entry and debate the toxic food-oil scandal. But the political factions should close ranks for the upcoming trial. Widespread solidarity might make another coup attempt an unthinkable risk.

—MARK WILLIAMS



Guernica, Picasso © SGAE SPADEM Paris 1981

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SPAIN

Most of Nation Supports Joining the Common Market

AMONG the staggering array of major decisions that are facing Spain in the post-Franco era, the one that has met with the most unanimity is entry into the Common Market. Political parties from left to right support entry, as do the labor unions, industrialists, businessmen, farmers and merchants.

Spanish EEC relations go back to a 1962 pact with Franco. "It (EEC entry) was extremely desirable during the Franco era because we knew it was impossible," said Raimondo Bassols, Secretary of State for relations with the EEC.

"It was joining freedom and democracy — what we didn't have. It was kind of a symbol."

After the establishment of the constitutional monarchy, entry became theoretically possible and the government was convinced that it was economically as well as politically desirable. The EEC as a group is Spain's largest trading partner, representing half of the country's exports and more than a third of its imports.

Politically, the EEC has been eager to welcome Spain and even promises to speed up the process at politically rocky moments such as after the Feb. 23 attempted

'Spain is beginning to be dissatisfied by the way Europe is considering us. We need a very big yes.'

coup d'état and before the debate on NATO entry.

The problem is that Europe is not economically prepared to take on a nation that would increase its total population by one-third and its farm land by almost that much.

"If we could begin speaking about agriculture," said Mr. Bassols, "I'm sure we could finish negotiating in a year." But the EEC has been unwilling to negotiate on this subject and even though there has been talk this fall of "deblocking" negotiations, French Agricultural Minister, Edith Cresson, has made it clear that this subject will remain a major obstacle.

The EEC is exhausting its cash supply, which comes about half from value added taxes (VAT) and the rest from external duties and agricultural levies. To raise more money would involve a long and difficult amendment procedure on the Rome treaty. The other solution is to spend less. The entry of Spain, like the January entry of Greece, would mean spending more.

The Common Agricultural Policy (CAP) alone, a complicated system of subsidies and price supports, devours three-quarters of

the EEC budget. CAP spending would rise enormously with the entry of Spain. The Common Market would be forced to add to its large and costly surpluses of products such as wine and sugar beets. Spain produces, by itself, almost as much olive oil as the ten combined. Entry would also flood the vegetable and citrus fruit markets.

Not only do these surpluses mean nonexistent money out of the EEC budget but unwanted competition with cheaper Spanish produce, particularly for France and Italy. France already has a trade deficit with Spain (although it has been more than halved in the past year). While France and the United Kingdom are still bristling from their lamb and apple wars, the Spanish are waiting in the wings with abundant productions of both products.

Fishing Agreement
EEC members have also been bitterly fighting over fish quotas for themselves. Spain, with a larger fishing fleet than any of them, already takes more fish from EEC waters than it could offer in native fishing grounds. The EEC has been renegotiating their fishing agreement with Spain every year with a lower quota than the one

before, but presumably membership would entitle Spain to more and not less. This is another item that Brussels has so far refused to negotiate.

'A Responsibility'

Mr. Bassols claims that Europe "has an enormous responsibility to help us" become a European democracy. If the EEC does not take Spain, Mr. Bassols said, "The country would think it was for very small and egoistic reasons."

Obviously, all sides are looking after their own interests. While Spanish farmers want entry as soon as possible, the EEC wants a delay. But they would welcome Spanish industry from the moment of entry as a full partner. Spanish industrialists, fearing tariff-free products from the North (especially threatening to small business), want a transition period of from five to 10 years.

Full Benefits

On the other side, the Spanish government wants their workers to enter immediately with the full benefits of the EEC workers. The EEC wants a seven-year delay similar to the agreement with Greece. Spain also wants Spain to commit itself immediately by replacing its existing protectionist taxing system with a VAT system.

In the meantime, Spanish businessmen are losing enthusiasm. Most government officials, including Mr. Bassols, agree that EEC entry is losing popular support. "Spain is beginning to be dissatisfied by the way Europe is considering us. We need a very big yes."

—MARK J. KURLANSKY

Banking: A Period of Change

DRAMATIC changes are taking place in Spanish banking as the system is liberalized to conform with practice elsewhere in Europe. Altogether, counting industrial, regional and local enterprises, Spain has 130 domestic banks but this number will probably be sharply reduced in rationalization programs and through closure of the weaker brethren. More progressive banks have already taken steps to modernize and streamline their methods. Others, however, have encountered liquidity problems, often through becoming too deeply involved in industries which have been hard hit by recession, and their future is uncertain.

Some could be sold to foreign interests, a trend which has already provoked chilly reactions among the country's Big Seven (the Banco Español de Crédito, the Banco Central, the Banco de Bilbao, the Banco de Vizcaya, the Banco de Santander, the Banco Popular and the Banco Hispano Americano). In February, Britain's Barclays Bank bought the Banco de Valladolid for nearly \$48 million, thus gaining access to 38 branches. In June, the Banque Nationale de Paris took over the Banca Lopez Quesada for close to \$100 million. Both these once-sitting Spanish enterprises had been resuscitated by the Corporación Bancaria, an intensive care unit set up in March, 1978, with funds from private banks and the central bank.

For Spain's better-managed banks, however, the picture is far from bleak. Last year, total profits for commercial banks soared 12 percent to \$900 million while savings banks registered a 21 percent rise to \$460 million. The greatest challenge arises from government determination to liberalize the system.

Important changes came early this year when interest rates on all loans were freed apart from the proportion of banks' funds devoted to the so-called "privileged circuits." In the past, banks had to make considerable proportions of their funds available for artificial low interest loans to emerging industries. The privileged circuit loans now bear higher interest rates.

Interest Rates

Interest rates have also been freed on deposits of six months and over for sums of more than \$10,000. Previously they were free only from one year and above. Maximum commissions charged by banks are now controlled. Previously they had been left to individual banks to fix and were a dark secret.

The changes require profound adjustments in a business where methods are often antiquated and

burdened with too many staff members and too many branches. In the past banks operated with sufficient margins to offer many services free. That is changing. The first step came in September, when the telephone and electricity companies were told they would have to pay for the handling of clients' bills.

Leading banks have accepted that they must tell the public more about their operations if confidence is to be maintained. The Banco Hispano Americano has been brushing up its image by changing its logo and placing more emphasis on public relations. Computers are taking over many routine tasks, which may speed up the sometimes painfully slow processing of checks. Spain still only uses 500 million checks a year compared to 3,000 million in Britain, but credit cards show fast growth. The arrival of foreign banks is spurring the changes in attitudes and methods of Spanish banking.

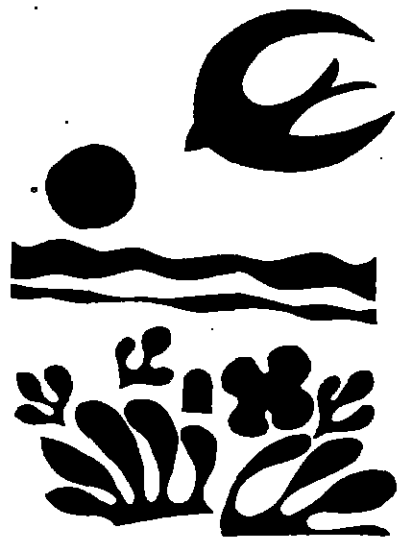
Until early 1979, domestic banks were shielded from foreign competition but since the barrier was raised, the number of non-Spanish banks has risen to 27. Allowed in under strict conditions — only three branches allowed — the newcomers have helped bring more flexibility to the money markets. To obtain access to a retail market, the foreign entities have successfully introduced bills of exchange on the stock market. But bankers complain that a tax on business transactions, imposed on their borrowings and then again on loans to clients, remains an important obstacle to creating an orderly interbank market.

Loans to Subsidiaries

Foreigners have tended to concentrate their activities on arranging loans to multinational subsidiaries, to large Spanish enterprises and on participating in syndicated credits. "Since we opened in June, 1979, the volume of business has far exceeded expectations," said Richard W. May, vice president of the Chase Manhattan Bank, which has just opened a new branch in Barcelona. He put down this success to the amount of liquidity available in the banking system due to a slow-down in industrial activity. Foreign banks had been able to use these funds and carve out a share of the market. In addition, the Banco de España's liberalizing campaign had assured a reliable interbank market.

Relations with Spanish colleagues were not a problem, said Mr. May. "Some Spanish banks might have felt that we were intruding on their game preserve for some easy poaching but today I believe there's a feeling of mutual esteem for each other's potential."

—DAVID BAIRD



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Despite Strides for Energy Self-Sufficiency, Oil Bill Remains Huge

IN JULY, 1979, the Spanish parliament approved a program called the National Energy Plan (PEN) that was aimed at reducing the country's energy import bill by developing alternatives in foreign oil. Two years later, PEN's report to parliament points to some successes but oil import spending has increased and still plays a major role in Spain's negative balance of payments.

The most important energy alternatives envisaged by PEN are coal and nuclear power. The increase in coal powered energy, in-

cluding three new plants and thirteen planned or under construction, represents most of the gains made against oil based energy (which still supplies two-thirds of the total primary energy). Coal-based energy production is ahead of PEN projections. The 1985 goal of 16.2 percent of the energy total had been upgraded to 22.6 percent and that is already within striking distance.

Nuclear ambitions, on the other hand, have been revised downward. The Spanish government is now hoping nuclear power will

produce 10.9 percent of their energy by 1985 instead of the original 13.2 percent objective. They expect this percentage to reach 16 percent by 1990.

Meanwhile, the government is projecting that nuclear energy will represent three percent of this year's production which is only one percentage point better than two years ago. Last year's production dropped because the 469-megawatts General Electric reactor at Santa Maria de Garona (Burgos) was closed for five months due to a metalurgical defect.

Spanish nuclear power began in 1968 with the 160-MW Westinghouse reactor at Zorita (Guadalajara). There are currently four nu-

clear plants in operation, nine more under construction and two others in the planning stage.

The nuclear program is behind schedule for two reasons. The first and most important is that the complexity of the technology was underestimated by optimistic planners. The other reason, which may grow in importance as the program expands, is popular resistance.

None of the national political parties oppose nuclear energy. The Socialists claim to prefer a more moderate program. While the ecology movement is not strong, it has in some regions become connected with popular autonomy, leftist and agrarian movements. This is particularly true in Catalonia and the

Basque provinces where ecologists sometimes complain that they cannot keep the protest focused on environmental issues.

Since the beginning of construction, the Lemoniz plants (Vizcaya) have experienced several setbacks from various forms of sabotage and both plant employees and a demonstrator have been killed.

There has also been sabotage and local demonstrations against the Asco plant in Catalonia and ecologists are claiming increasing support from local mayors in Extremadura and other regions.

Asked if it would not be better to avoid construction in areas where the population is opposed, Luis Magana, Commissioner of Energy and Mineral Resources for

the Ministry of Industry and Energy, replied, "To consider the problem from a local point of view is a mistake." He said that it was "the side of reality." Reality from the energy planning point of view is that energy intensive industry, particularly in the Basque provinces, is draining energy from other parts of the country.

Despite poor production, the nuclear program is playing a growing role in the Spanish economy. The energy plan currently represents 2.8 percent of the GNP and is growing annually. PEN estimates that it has created 140,000 permanent jobs. Nuclear energy, which this year will have a turn-

(Continued on Page 115)



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SPAIN

'Audit Fever' Is Widespread as New Legislation Looms

By Ian Angus

IN FRANCO'S SPAIN, tax evasion was widespread (and connived at) and financial scandals were rarely subjected to the searing glare of public scrutiny. Things don't work like that in a democracy — even in a young and fragile one like Spain's — and the media have given a lot of publicity in recent months to the lack of financial control in the state-owned television company and the state-sponsored football federations.

Even the recent tragic scandal in the food oil industry has, in its way, highlighted the absence of necessary checks and controls in the country's administrative infrastructure. The concept of public accountability of management has grown up almost overnight, giving rise to what one magazine described as "audit fever." Public awareness will be further increased with Spain's entry into the European Economic Community, which will bring with it the obligation to introduce a panoply of financial legislation.

No Legal Status

The word *auditoria* is pretty much synonymous with the international accounting firms (often referred to as "the Big 8"), all of which are represented in Spain. The Big 8, most of which moved in on the back of foreign investment following Franco's liberalization of the economy in 1959, probably now employ upward of 1,000 professionals in Spain. In most cases, they are still largely dependent on the multinationals for their bread and butter, but to an increasing ex-

tent they are penetrating the local market.

Their reports, however, have no legal status in Spain and, while some quoted companies are now including a Big 8 auditor's certificate in their annual report, it is usually published alongside that of the *Censor Jurado de Cuentas* (official statutory auditor) and that of the shareholders' auditor. This is clearly an anomalous situation and a temporary one.

The shareholders' auditors are elected under the requirements of company law from the shareholders and need not be professionally qualified. The first tentative approach to an independent scrutiny of accounts originally introduced by the 1951 Companies Act has been almost totally ineffective.

The Spanish accounting profession was incorporated in 1942 as the *Instituto de Censores Jurados de Cuentas de España*. The principal function of the censor has been to report on the accounts of quoted companies under the rules of the stock exchange. However, in the absence of an effective watchdog like the SEC, even this requirement has frequently not been complied with.

Can't Join Forces

Moreover, until recently, the code of ethics of the censor prohibited him from forming partnerships with other censors and thus Spanish professionals have been unable to join forces to meet the challenge of the international firms. However, new statutes of the Institute have been introduced that do permit such associations

and already several audit companies have been established by its members.

The Spanish Institute has about 3,000 members with about 200 engaged in auditing as a full-time profession, a figure eclipsed by the 1,000 professionals employed by the Big 8. Furthermore, many of the 200 are now employees or partners of the Big 8 firms.

A year ago, the draft of a new company law that proposes to introduce a mandatory audit requirement for all *sociedades anónimas* corporations became known. It is estimated that if the bill is passed in its present form, the Spanish economy would require about 15,000 full-time audit professionals. Moreover, this new company law does not include the requirements of the EEC's Fourth Directive, and, therefore, will probably require amendment as soon as it reaches the statute books.

GAAS and GAAP

As a partner of one Big 8 firm said, "The cake will be large enough for everyone." A valid question might well be: "But is the profession able to digest it?"

GAAS and GAAP are two beloved acronyms understood by the accounting community worldwide. They stand, respectively, for Generally Accepted Auditing Standards (codifying the procedures and standards an accountant must apply when auditing accounts) and Generally Accepted Accounting Principles (the framework against which the auditor must evaluate and judge the accounts). GAAS and GAAP are concepts developed in the United States and that have been exported, with varying degrees of success, to Spain.

The Big 8 firms, not recognized and therefore not controlled by the Spanish profession, have sought to apply the same auditing standards in Spain as in the United States. Auditing standards for general application in Spain comparable with those of the AICPA (American Institute of Certified Public Accountants) have not been published by the Spanish Institute, although it has published guidelines that are similar to the U.S. audit requirements. In the future, as the Institute grows, it must be assumed that it will observe standards comparable with those in the United States.

Accounting and bookkeeping are regulated in a formalistic way, imposing such requirements as the authentication of the accounting records by a judge for their validity. The total void existing with regard to accounting principles and policies was invaded by the tax au-

thorities, who laid down rigid and prescriptive accounting regulations, which often conflict with accounting practices elsewhere in the world.

These tax regulations have since been amplified and confirmed by the *Plan General de Contabilidad*, a mandatory code of accounts modeled on a French plan. By way of example, a company is in effect prohibited from accounting for unrealized losses on exchange on its annual report. In a weak-currency country such as Spain, this can give rise to serious misstatements of financial position as well as to the payment of tax on a unrealistic profits figure.

While much has to be done in the area of formulating accounting principles and achieving the consensus necessary for them to become generally accepted, much is being done in the area by the Institute itself and by private enterprises such as the *Asociación Española de Contabilidad* (AECA). Once the consensus is achieved, it will be the job of the auditing profession to ensure its fair application.

Admission to EEC

Against its background of change and ferment, another major but largely unexplored factor is Spain's future admission to the EEC, which now seems almost certain.

Admission to the EEC will mean a welter of change in the whole area of fiscal, accounting and company legislation. A draft law introducing value added tax (VAT) from 1982 is shortly to be laid before the parliament, superseding the old turnover tax. Given the fairly basic level of accounting in many small and medium-sized Spanish businesses, the introduction of VAT, with its sophisticated accounting requirements, is sure to

provide exciting times both for the fiscal authorities and the accounting profession.

The introduction of the company-law harmonization program in the EEC is causing something of a silent revolution throughout all the accounting fraternities. Spain's entry into the community means that it will have to comply with the Directives on Company Law that have been issued by the EEC. The most significant of these directives is the fourth, which sets out formats for and requires mandatory audits of company accounts that EEC members are bound to implement by February, 1982.

The Seventh Directive will require the preparation of group accounts by any Spanish company that is a member of the group. A recent survey conducted by one of the Big 8 firms found that very few major Spanish companies prepared consolidated accounts, although some are beginning to do so. At present, Spain has no mandatory requirements for a group to publish consolidated financial statements.

The advent of the EEC, apart from its enormous economic impact, will, because of the mandatory audit requirements, place new burdens on the legislator, auditor and, above all, the business community as a whole.

Thus, the audit fever of the last 18 months has probably created expectations in excess of the Spanish profession's present ability to meet them. No profession or professional firm should expand at a rate that impairs the quality of its services. The rule is "hasten slowly."

Ian Angus is a partner in the Madrid office of the accounting firm Ernst & Whinney.

Home Rule Ends a Tradition

JUST MINUTES before a self-imposed midnight deadline on Friday, July 31, weary negotiators emerged from President Leopoldo Calvo Sotelo's smoky Moncloa office. While skeptics fear a shady deal, most are relieved. After four months of intensive talks, Spain's two major political parties — the government Center (UCD) and Socialist Workers Party (PSOE) — have signed an accord sorting out the nation's most intractable problem, regional home rule.

The PSOE leader, Felipe Gonzalez, said at the time, "We are not applying the brakes, but putting the autonomy process in its proper historical rhythm." President Calvo Sotelo said, "It is a decisive step in the transition of the Spanish government."

Spanish home rule puts an end to nearly three centuries of centralist tradition and lays the framework for a federal system by partially dismantling Madrid's unwieldy bureaucratic machine. Months before the pact, both sides agreed that autonomy had lost direction and leaders hoped to make clear where and how far the process was going. No one was forgetting that a major objective for the February *golpistas* was to halt "the dismemberment of Spain."

The July pact, which will become law as LOAPA, was based on two technical studies hammered out by legal experts. The *Entierro* Reports over-riding concerns were to clearly define the powers and responsibilities of the central government and regions and establish the economic base through which the transfer of power can take place.

Autonomous Units

The political and administrative map of Spain has been redrawn to include 16 autonomous units, which will eventually assume roughly half the government's administrative chores and budget. The accord sets a deadline of February, 1983, for all regions to enter the autonomous framework, though the actual transfer of powers will go on for years. The pact also set up a clearing fund to help reduce economic differences between the regions (the average income in Catalonia, for example, is more than double the income in Galicia).

According to the Office of Diplomatic Information, this will "prevent regional autonomy from becoming a sort of labyrinth in which the richer regions might draw ahead of the poorer ones, creating a dangerous race to achieve ever greater self-government."

Clearly, many believed that home rule was developing into a kind of administrative Frankenstein's monster. Martin Villa, minister of territorial administration, said, "The previous course was irregular, illogical and filled with uncertainties."

The accord emphasizes the unity of the Spanish market, with no restrictions on free movement of

capital and labor, thus allaying businessmen's fears that Spain might revert to "economic feudalism." Purely regional concerns like tourism, agriculture and internal transport are distinguished from those involving administrative decentralization of national policy in commercial legislation, customs, banking and energy planning.

Though still in the process of receiving full powers, Catalonia and the Basque country have had home rule for two years, and on Oct. 20, Galicia elected its regional parliament and Andalusia approved its own statute. With these four regions launched, the two major parties decided to depoliticize the issue at a time when popular enthusiasm was waning. By granting autonomy to everyone, including regions where little home rule sentiment existed, those areas with strong and potentially dangerous separatist tendencies find themselves sharing their "special status." "Wine with too much water," said one critic.

The pact also put a ceiling on the content and implications of the statutes, clearly defining how far home rule can go. This disappoints those who saw the statutes as points of departure for ever-increasing rights. The door is also left open for more municipal and provincial powers at the expense of the regions.

From the outset, representatives of the Catalan and Basque governments have looked warily at the pact and LOAPA, despite repeated government assurances that it does not affect existing statutes. The Catalan minority leader, Miguel Roca, said, "It could be a dangerous instrument — Catalonia comes out losing." The accusations from Catalonia and the Basques have heated up recently.

Accusations of foot-dragging in Madrid seem unfounded. Nearly 100,000 government employees and \$1.9 billion have been transferred in the last two years, mostly to Catalonia. In May, 14 new areas of responsibility were handed over to the Basque region, which has also won the right to collect its own taxes.

Throughout modern Spanish history, transitions to greater liberty and democracy have been accompanied by home rule demands, and the heady post-Franco era was no exception. The new autonomy statutes already grant more power than those of the Second Republic.

During the first months of new Spanish democracy, political pressures for regional autonomy were enormous, and many believe the process went too fast.

"The time for politics is over — now it's time for logic," said President Calvo Sotelo.

For some, part of the logic is recalling that every Spanish military officer swears an oath "to preserve the unity of Spain."

— MARK WILLIAMS

Oil Bill Remains Huge

(Continued from Page 10S)

over of about \$1.65 billion, is a major part of this economic activity. PEN estimates nuclear energy will generate one-third of the capital turnover in energy in the next four years.

Current Planning

The share of Spanish participation in the first nuclear plants was only about half but, according to Mr. Magana, it could go as high as 87 percent in the plants currently being planned. Although Spain lacks the high technology to construct a nuclear plant totally, the government is hoping to export the intermediary technology that Spanish industry has been developing. The Junta Nacional Nuclear already has established relations

with Ecuador, Chile, Colombia, Argentina and Mexico. There is interest in a possible arrangement with Portugal.

While the Spanish government believes that the nuclear plan is essential, it is also exploring a full range of alternatives, including solar power. The PEN calls for solar production of 0.5 percent of Spanish energy by 1985 and 1.5 percent by 1990. The government contends that solar heating panels are already competitively priced. It is also experimenting with industrial uses for solar power and in a joint project with West Germany, a 20-megawatt solar-powered hot-air turbine is being tested in Extremadura.

— MARK J. KURLANSKY

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14,3	Netherlands	160,2
9,9	Belgium	116,3
8,3	Sweden	124,6
6,3	Switzerland	100,1
5,2	Denmark	67,2
3,4	Ireland	17,6

Source: OECD

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The London Stage

'Arms and the Man' Pairs Remarkable Shavian Duo

By Sheridan Morley

International Herald Tribune

LONDON — Popular belief has it that "My Fair Lady" is the only major musical to have been derived from a Shaw play, and popular belief is of course mistaken: Richard Rodgers did a musical "Androcles" and within 15 years of the 1894 premiere of "Arms and the Man" Oscar Straus had turned it into "The Chocolate Soldier." That hasn't been seen in London since 1940 but now, at the Lyric, there is a chance to see the Shavian original in its first West End revival since the 1944 production by the Old Vic with Lawrence Olivier as Sergius and Ralph Richardson as Bluntschli.

Curiously this one comes not from either of the major subsidized companies, who are inclined to like their Shaw longer and heavier, but from Eddie Kuhlunkundis, who has been operating a one-man royal Shavian company for several years, buying up stage rights with all the fervor once exhibited on screen by Gabriel Pascal. Accordingly we have a solid commercial company led by Richard Briers as Bluntschli and Peter Egan as the posturing Sergius, and the result is a sort of caramel-cream show, light

and elegant in taste but not lingering long on the palate.

This is anyway the kind of Shaw to which people should be taken who hate Shaw; it has few of the lengthy diatribes, little of the politics and almost none of the fervor that characterized most of his later and better works. It is at best a kind of divertissement, a light comedy about a couple of soldiers of fortune falling in love with the same ravishing Bulgarian girl.

What distinguishes this production is the remarkable double-act of Briers and Egan. Though they have never to my knowledge worked together before, they look as though they have been at it all their professional lives, complementing and counterbalancing each other like a Ruritanian Laurel and Hardy.

In this pairing Egan is the tall thin one, forever striking operatic and melodramatic poses from which he has to scramble down when the going gets too rough, while Briers is the little chubby one, all practical advice until he too falls suddenly and hopelessly in love with Raina, played in a dazzlingly beautiful West End debut by Alice Krige. Then there are Raina's pragmatic parents, equally splendidly played by Richard

Pearson and Pat Heywood, and the result under Jonathan Lynn's agile direction is an infinitely elegant little light comedy about soldierly fantasies and the deflating of uniform egos.

All the same, I am inclined to wish they had learned to sing and had done "The Chocolate Soldier" instead (the title incidentally derives from Bluntschli's passion for boxes of sweets). For whereas with "Pygmalion" you felt you were losing a lot of the best argument every time "My Fair Lady" broke off for a song, with "Arms and the Man" you feel that a song or three would help the evening along. It is short (two hours with an intermission, which by Shavian standards makes it practically a curtain-raiser) and apart from a minor Balkan war not a lot happens before everyone lives happily ever after. For all that, it's the kind of show that many believed the West End had abandoned for musicals and farces, and I suspect it will be around for many months to play precisely that gap in the market.

When I was a child, in the late 1940s in case you were wondering, London was full of plays like Ellen Dryden's "Harvest" (at the Ar-

bassadors). At that time they bore titles like "Holly and the Ivy" or "Dear Octopus," but the fundamental theme always concerned a black sheep returning to the midst of a family during some kind of calendar celebration, often Christmas or a golden wedding, and opening various childhood cupboard doors to watch the skeletons pour forth.

This time, the celebration is the harvest festival, the family is heavily Methodist but outside of that not a lot has changed. Lynn Farleigh is the daughter who, having hauled herself up through university and away from an oppressively genteel and deprived background and then made a rich but unhappy marriage, now returns to the parental hearth to find out why her brother has had a nervous breakdown, whether or not the local minister is burying her grandfather properly, and how totally her own life has been conditioned by her childhood and its everlasting memories.

Accordingly we are back in generation gap, with Constance Chapman as the grandmother, Mary Chester as the mother and Sylvester Le Touzel as the young niece representing the three generations of the upright, clinging and oddly unlikely family. The only outsider allowed on stage is the minister, played in a wonderful state of bemused reticence by David Horovitch. Farleigh as the one who has gone over the wall plays Marian much as Glenda Jackson played "Rose" in this same management's previous production, which is to say angrily and very well.

But in the end we have to care deeply about why her brother has abandoned his mature studentship and in fact we don't; despite the occasional good line ("You get a better class of girl with Catholics than Methodists") the play gives you the feeling that you have been trapped in a pub with a family desperately rehearsing for "This Is Your Life." It's an untidy, meandering evening in which flashbacks are used only to explain to us that this family's past was no more intriguing than its present; Ellen Dryden doubtless has something to say about the oppressive nature of Methodism in Midlands family life circa 1950 and its effects, but it is not enough to fill out an entire evening. As an hour-long television script it might have been smashing.

Panda Born in China

United Press International

PEKING — Scientists working in Sichuan Province reported the birth of a baby panda to 10-year-old Zhen Zhen. The Chinese news agency said scientists at Wolong Panda Conservation Center heard a baby panda crying in Zhen Zhen's lair and tried to approach but were driven away by the mother. The birth occurred about a month ago. The scientists observed her mating April 13 and later observed she was pregnant.

Puzzles

Fiendish Pyramid Challenges the Maddening Cube

United Press International

LONDON — Mark Eliot began dreaming up a puzzle vastly more complex and more maddening than Rubik's Cube when he was painting his house.

"If these windows were triangles instead of squares I'd only have to paint three sides," his wife recalls him muttering.

Thus was born Eliot's "Great Pyramid Puzzle," a construction of triangles which could make you a millionaire if it does not drive you to distraction first.

Eliot, 41, hurled \$1,850 out the window into a street near Piccadilly Circus the other day — he is given to such gestures. As kids and housewives and executives battled for the rain of money, he explained his new instrument of torture.

"It's a tetrahedron, a four-sided pyramid," he said. "There are 36 triangular pieces you stick onto it. Each piece has a pattern, and you put on the pieces so the patterns match. A cut of 6 could do it."

Well, maybe. Eliot calculates there are 72,000 trillion trillion possible combinations and exactly one solution.

He said he pit his puzzle against a California computer which solved Rubik's Cube in

30 minutes, and the computer gave up after seven days.

Yet completing the 36-piece pattern is only the first part of the puzzle.

"Each piece has a numerical value," Eliot said. He gives the figure for one piece — 126. Then "all you have to do is figure out how I arrived at that figure. That enables you to calculate the value of the other 35 pieces."

"One face of the completed pattern totals 864 — that's the other clue, so you can check if your values are correct."

Then you write down the value totals of the four faces, and if you get it right first, you're a millionaire.

Eliot means the millionaire bit literally. For every puzzle sold, \$1.85 goes into a bank account held in trust for the first puzzle solver. If a million fiendish pyramids are sold — and his U.S. partner talks of potential sales in the millions there alone — the winner will become an instant millionaire.

"It's my contention that there won't be a solution in the first year," Eliot said. No winner will be declared until next September.

"It could take longer, even though there's no complicated mathematics involved," Eliot said. "A bright 10-year-old could do the decoding without pen and paper."

Eliot is the only person in the world who knows the answer. One night came the awful thought that an unscrupulous bloke could profit mightily by knowing that answer. So he insured himself at Lloyd's of London for \$1.85 million against being kidnapped.

The "Great Pyramid Puzzle" sells by mail order in England and is being marketed in Japan as well as the United States.

"It's the most difficult game in the world," Eliot said modestly.

World's Biggest 'Magic Square'

LONDERZEEL, Belgium — A studious Belgian Air Force conscript with a knack for numbers has made the world's largest "Magic Square" consisting of 59,049 figures that total 7,174,575 when added up in all directions.

Ivo Impens, 19, has laid out his project, measuring 7.29 by 7.29 meters, on a dance floor in this town near Brussels. It consists of 729 sheets of paper (27 by 27), each with 81 numbers (9 by 9), making a total of 243 rows of 243 numbers. If the rows are added up horizontally, vertically or diagonally, the total is always 7,174,575.

Personalities

Starring Carl Reiner in the Carl Reiner Talk Show

By Jeffrey Robinson

International Herald Tribune

SAINT-PAUL-DE-VEENCE,

France — When Carl Reiner

walked into the Colombe d'Or hotel

here to do his bit on camera,

the first thought that ran through

his mind was, "Any minute now

Yves Montand is going to walk

around the corner." It seems to be

his first thought every time he

comes here.

Reiner was here to tape some

segments for the John Donaldson

talk show in the United States. A

writer, actor, film director, tele-

vision producer, constant guest on

the talk-show circuit, he is all of

those things separately and rolled

into one.

"I went into show business at

the age of 17. I'm now 59. I've

spent those years inching up on

medicines." He landed a few roles

on Broadway in the late '40s as an

actor, dancer and singer.

Second Banana to Caesar

His Broadway experiences land-

ed him a job in 1950 on "Your

Show of Shows" with Sid Caesar

and Imogene Coca. Reiner was

hired as an actor, sort of a second

banana, but he found himself sit-

ting in on the writers' meeting too,

adding his own shenanigans as he

could. At various times the writing

staff of that show included people

like Neil Simon (later the author of

"The Odd Couple") and other stage

comedies) and Mel Brooks (with

whom Reiner made the best-selling

"2,000 Year Old Man" albums).

Brooks remains Reiner's oldest

and dearest friend. "Mel is a very

nourishing person on a one-to-one

basis. Otherwise, he's a lunatic.

However, you can always call on

him for medical advice. He knows everything about the medical profession. He's one of the world's most wonderfully brilliant hypochondriacs."

"Show of Shows" lasted until

1954. Reiner then moved with Sid

Caesar to "Caesar's Hour," another

five years of being an actor-writer.

He followed that with a one-

year stint as writer and occasional

guest on the "Dinah Shore Show."

Then he created and produced a

successful situation comedy called

"The Dick Van Dyke Show." Not

surprisingly, it was the story of a

comedy writer of a weekly tele-

vision show. At about the same time

he wrote a book called "Enter

Laughing." That was quickly

turned into a Broadway play of the

same name. "It was a not-too-well

read book but it was a very well

seen play."

By this time, Reiner had stuck

up a minor friendship with Yves

Montand. It dated from the Sid

Caesar days when Montand

appeared on the show and did a

few of those very French ballads

with an involved story and a mes-

sage. The name of the show was

"Broken Cookies and Red Balloons,"

which of course he had

written. And then he spent the

next 10 minutes explaining the

story of the song in the Montand

manner.

Montand Right on Cue

A few years later, Reiner and his

wife, Estelle, showed up at the Co-

lombe d'Or. He found it so typi-

cally French that while they were

checking in he turned to Estelle

and said, "This is exactly the kind

of place where you'd expect to see

Yves Montand come walking

around the corner." Just as he said

it, guess who said, "Hi Carl."

Montand was there right on cue.

"It was one of those truly incredi-

ble coincidences. Estelle thought I

had planned it. I stood there with

my hands shaking swearing I

didn't." So now when he walks

into the Colombe d'Or, he looks

first around the corner for Mon-

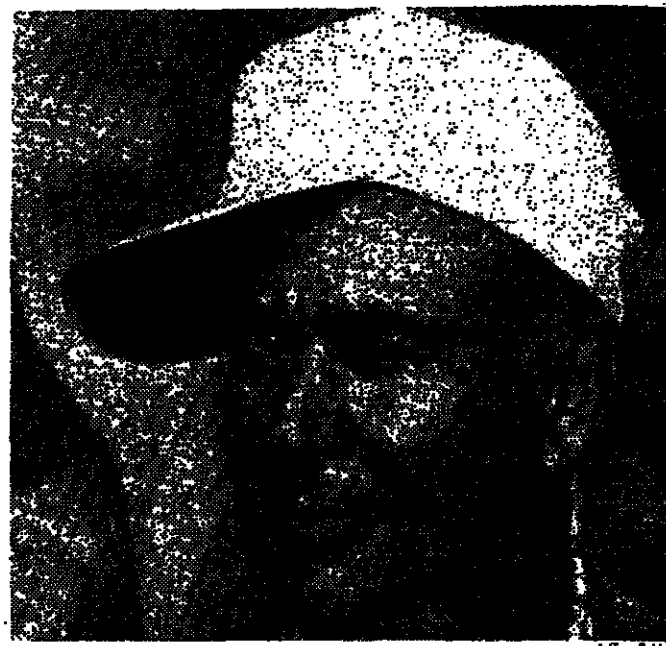
tand. Then he tells the story to

whomever he's with, then slips into

a few choruses of "Broken Cookies

and Red Balloons."

When he's not singing, back in



Being Carl Reiner "is a very large responsibility."

California, he directs films. He has just done one that is due out in the spring with the title "Dead Men Don't Wear Plaid." It stars the U.S. television comedian Steve Martin, plus 21 all-time movie stars of yesteryear.

"I guess I should explain that. It's been a secret until now. I really has. No one was even allowed on the set because this is something that has never been done before. We collected footage from wonderful old movies and have incorporated it into a black-and-white 1940s-style detective mystery. We built 50 sets, did dozens of costumes and had original 1940-ish scores composed. We went all the way. I finished the picture just two days before we came here. Hey, it's just dawned on me. Now that the picture is done, I'm out of work."

When he is "out of work," he says, he spends time with his family. Estelle is a painter. First son Rob, 34, starred for several years as Archie Bunker's son-in-law in the TV series "All in the Family."

Daughter Anne ("just put that she's younger than Rob") is a psychoanalyst turned short story writer. And No. 2 son Lucas, 21, has

been working with his father on the film.

Big party, little party, orgy or not, he happens to be one of those unimprovable people. Even he doesn't know what to put after his name.

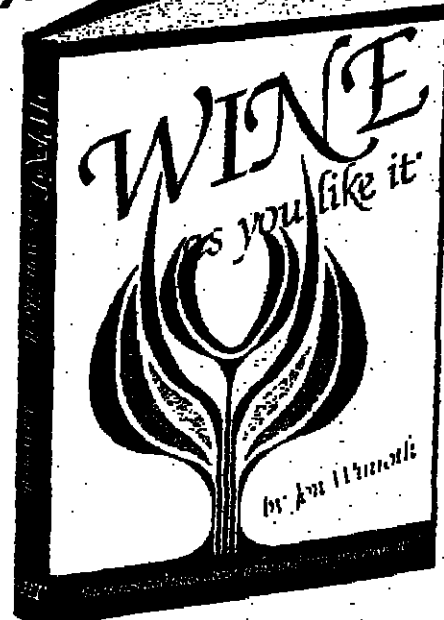
"I panic at income tax time because I'm forced to fill in the blank that says occupation. I put down writer, and then think to myself about the seven or eight films I've directed. So I change it to director. Then I think about the television shows I've done. I'm afraid to list only one thing on my income tax form — after all it's a legal document that will follow wherever I go and they won't let me be anything else."

"Anything else, such as actor? Yes, I still act. I always manage to find a part for myself in my own films. If I had to pay someone else it would cost me a lot of money. So I take the role. It's much cheaper that way. In fact, in the last two films where I acted I actually played Carl Reiner. Believe me, it's the easiest and most logical thing in the world for me to do. Although I have to admit, it is a very large responsibility!"

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BUSINESS NEWS BRIEFS**Bank Sources Confirm Reports of AEG Loss**

FRANKFURT — Banking sources said Wednesday that press reports that AEG-Telefunken is expecting a loss of 650 million Deutsche marks this year unless new financial measures are adopted were broadly correct. A spokesman for West Germany's second largest electrical group would only say the reports' figures are speculation.

The reports showed an AEG plan to cover the loss with 410 million DM of gains from possible new partnership arrangements and 240 million DM in financial aid from banks. Banking sources said they expected AEG to lose 650 million DM in 1981 and to gain a net 410 million DM from joint ventures. The AEG group lost 278 million DM in 1980 and 368 million DM in 1979.

In a meeting last week between AEG management and the 25 banks that rescued it two years ago, the banks agreed to keep current credit lines open and extend the period of favorable interest rates due to expire this year. Talks are being held this week with other AEG creditor banks and an announcement on bank aid is due Friday.

Shell, BP Drop Rotterdam Terminal Plan

ROTTERDAM — Royal Dutch-Shell and British Petroleum said Wednesday that they had dropped plans to build a liquefied petroleum gas terminal in the Europort harbor area here.

They said stringent environmental safety regulations would add 200 million to 300 million guilders (\$79 million to \$118 million) to the cost of the 350-million-gilder project. They also said the Dutch government's decision to designate a second LPG landing point in Flushing was another reason to scrap the plans.

Grumman Is Optimistic About Sale to France

BETHPAGE, N.Y. — Grumman is optimistic about an initial sale of four to six E-2C Hawkeye radar planes to France, a spokesman said Wednesday in response to an inquiry. He said Grumman's aerospace division had been working on the sale for several years.

The spokesman confirmed a newspaper report from Paris saying that the French government had requested information from Grumman and the U.S. Defense Department, adding that this appeared to be just another step in the process of selling the planes.

Le Monde said the French Air Force was also considering buying Airborne Warning and Control System planes produced by Boeing and the installation of radar equipment made by the Marconi Group of Britain on the Transall aircraft that already are in operation.

FTC Moves to Stop LTV Bid for Grumman

WASHINGTON — The Federal Trade Commission asked a federal district court in New York on Wednesday to issue a preliminary injunction to block LTV from acquiring 70 percent of Grumman's stock.

The FTC said the purchase would lessen competition in the carrier-based aircraft field and would therefore violate antitrust law. "If the proposed acquisition is allowed to go forward, and is then found unlawful, separating the companies' would be difficult and would likely weaken one of the firms," the FTC said.

American Can to Buy Insurance Concern

NEW YORK — American Can Co. said late Tuesday that it has agreed to acquire Associated Madison Companies, an insurance concern, for \$140 million in a tax-free exchange of cash and stock. Associated will become a wholly owned subsidiary of American Can.

The acquisition would be the company's first in its asset redeployment program announced last spring, when American Can announced it would sell its forest products division, estimated to be worth \$700 million, and use the cash to invest in a new business segment.

William Woodside, American Can's chairman, said Tuesday that he expects to sell the paper division by the end of the year, but that further acquisitions in financial services would probably not be made until after the paper division is sold.

Fight Over Tax Advantage Is Ended by U.S., Europe

By Jane Seaberry
Washington Post Service

WASHINGTON — The United States, the Common Market and three European countries have tentatively agreed to call a cease-fire in the fight to eliminate a 10-year-old section of the U.S. tax code that saves U.S. exporting companies more than \$1 billion a year.

The agreement, if approved by the General Agreement on Tariffs and Trade, will end a dispute between the Europeans and U.S. trade officials over claims that the United States is subsidizing exports through the tax, contrary to GATT rules.

The GATT also labeled the tax systems of France, Belgium and the Netherlands as export subsidies. Under the tentative agreement, disputes about their taxes also will be dropped, according to David R. MacDonald, a deputy U.S. trade representative.

Mr. MacDonald said he would not characterize the tentative agreement as a concession by the Common Market but as "a cessation of the battle without agreeing anyone is guilty or innocent." However, another trade official said any country could bring a complaint against any of the tax systems at a later time, but that appears unlikely.

Taxes Deferred
The tax system permits U.S. corporations to set up paper subsidiaries called domestic international sales corporations, or DISCs. The parent companies then can defer indefinitely U.S. taxes on part of the profits from the subsidiaries' overseas sales.

Congress passed legislation permitting establishment of the paper subsidiaries in 1971 to stimulate

U.S. exports, help the balance of trade and shore up the dollar. The GATT has avoided making a decision on the tax break since its inception, and the question was expected to arise next week. The Reagan administration at one point had considered substituting another incentive for the paper subsidiaries to resolve the issue.

The major beneficiaries of the tax break are large firms such as General Electric, Boeing and Monsanto Chemical, which have gained about \$10 billion at the expense of the Treasury. The companies are expected to benefit by about \$1.8 billion next year.

Mr. MacDonald said that in 1972 the Common Market challenged the paper subsidiaries as subsidies because they did not place the same tax burden on exports as on domestic products.

France to Control Sales by Firms Set for Takeover

PARIS — French firms listed for nationalization will need government permission before they sell assets to foreign concerns, the Economy Ministry said Wednesday. The restriction also applies to sales of assets by the firms' subsidiaries abroad, it added.

The move follows last week's takeover by Geneva-based Pargesa Holding of the Swiss subsidiary of Cie. Financière de Paris et des Pays-Bas. Pargesa is due to be nationalized and Pargesa's action angered the French government.

Meanwhile, a spokesman for the Belgian Foreign Ministry said in Brussels that his country considers that France may not be offering sufficient compensation to foreign interests affected by the nationalization program, although the ministry has yet to establish the value of Belgian interests affected.

He said the ministry will make an inventory of Belgian interests when the program is adopted by the French Parliament and that Belgium may ask France to open negotiations on the subject. However, France has said that it does not intend to increase compensation terms for foreign shareholders of firms marked for nationalization. Foreign bankers said after meeting in London that the compensation offer was inadequate, and that they would seek better terms.

Prince Fahd Sees Kreisky

VIENNA — Crown Prince Fahd of Saudi Arabia stopped off here unexpectedly Wednesday following a visit to Bonn for a two-hour talk with Chancellor Bruno Kreisky before returning to Riyadh.

Bonn Cabinet Accepts Cuts In Spending

Reuters

BONN — After a tense debate, the West German Cabinet gave provisional backing Wednesday to a package of measures designed to bridge a gap of 7.8 billion marks (\$3.4 billion) in the 1982 budget, a government spokesman said.

The spokesman, Kurt Becker, said at a news conference that the package, agreed upon in talks between the governing coalition of Social Democrats and Free Democrats on Monday, was approved "with a small number of adjustments."

He said the most difficult issues were proposed cuts of 200 million DM in the defense budget, which were unsuccessfully resisted by Defense Minister Hans Apel, and 100 million DM in the education budget, which were successfully resisted by Education Minister Björn Engholm.

In another economic development, the government statistics office said the preliminary cost-of-living index rose 0.4 percent in October after a 0.5 percent increase in September. The index stood 6.8 percent higher in October than a year ago and compared with a 6.5 percent year-on-year increase in September.

The increase was the biggest year-on-year increase for any month since October, 1974, when it was 7 percent. These "provisional" cost-of-living figures are taken from four of West Germany's 11 states. Final figures are expected in about 10 days.

Speaking of the budget decisions, Mr. Becker said Defense Minister Apel "took note of the Cabinet's decision" to impose the defense cut, and that Education Minister Björn Engholm had succeeded in winning a reprieve on the proposed education cut.

The gap of 7.8 billion DM in the 1982 budget has arisen because the slower than expected economic recovery has meant that tax revenues would be 4.2 billion DM less than anticipated under last month's budget draft. Unemployment benefits will be 2.8 billion DM higher and subsidies to the coal and steel industries 800 million DM higher than expected.

The shortfall will be covered largely by taking 3.9 billion DM more from Bundesbank profits, and by raising 2.85 billion DM through higher employment insurance contributions, Mr. Becker said.

A government spokesman also announced that Cabinet ministers and other officials will decline pay increases in 1982 foreseen by law. The measure was seen as a symbolic gesture aimed at German unions, which begin new contract talks early next year.

Submerged Tanker Idea Floated

Thomas W. Lippman
Washington Post Service

WASHINGTON — General Dynamics is proposing to build a fleet of submarine tankers to carry liquefied natural gas in the shallow waters beneath the Arctic ice.

The proposal, drafted by senior executives of the company's Electric Boat division, was presented at a technical conference in West Germany last week. It calls for construction of massive tankers, each capable of carrying 140,000 cubic meters (4.9 million cubic feet) of gas, which would take on gas at a submerged Arctic terminal and ferry it out to an open-water port in eastern Canada or Europe.

The proposal says the tankers, costing an estimated \$700 million each if powered by methane gas and \$725 million each if nuclear-powered, would be "competitive economically" with a fleet of ice-breaking surface tankers under study in Canada and cheaper than a pipeline.

"It's a feasibility study," said L. E. Holt, an Electric Boat representative. "It asks if such a system is technically feasible. The answer is yes. It asks if it's economically viable. The answer is yes." The next step, he said, is to create interest among potential customers.

Idea Not New

The idea of nuclear-powered underwater tankers—each 1,470 feet (448 meters) long and 228 feet (69 meters) wide—represents a refinement of a proposal that was seriously studied in the 1960s, before the Alaskan oil pipeline was built, to transport crude oil from Alaska's North Slope, maritime experts said. The rise in energy costs since

then could make a submarine tanker fleet an economically realistic proposal, they added.

The Electric Boat proposal was prepared by P. Takis Veliotis, general manager of the company's Groton, Conn., shipyard, and his deputy, Spencer Reitz. Mr. Veliotis, an experienced builder of surface LNG tankers, has for the past four years been director of the submarine construction program at the Groton shipyard, the builder of Trident nuclear submarines.

Transportation of liquefied natural gas is more difficult technically than transportation of crude oil because it must be maintained at a temperature of minus 259 degrees Fahrenheit (minus 126 Celsius). Surface LNG tankers are among the most expensive and complex ships in the civilian merchant fleet.

Weather No Factor

The Veliotis-Reitz proposal, however, says that the advantages would offset the costs, through the fleet's ability to "deliver a constant cargo volume at uniform, predictable scheduled intervals year-round, regardless of surface ice and weather conditions."

Their proposal calls for 14 nuclear or 17 steam-powered ships, loading terminals and repair facilities, at a total capital cost of \$13.9 billion for a nuclear fleet or \$16.2 billion for a steam-powered fleet. The latter fleet would be more costly because of the longer hulls required to surround the fuel tanks and the need for more ships to haul the same amount of gas.

A natural-gas pipeline currently planned from Alaska's Prudhoe Bay fields to the lower 48 states is estimated to cost \$30 billion.

NYSE Prices Mixed as Trading Narrows

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange closed mixed on Wednesday, with the Treasury's November refinancing plans and its impact on interest rates.

After the market closed, the Treasury said it will need to borrow \$35.75 billion in new cash in October-December quarter and \$29 billion to \$32 billion in the succeeding quarter.

It also said it will raise \$3.75 billion in new cash next week by offering \$8.75 billion of short and long-term securities. The Treasury added that it will continue to sell long-term bonds on a regular basis.

The Dow Jones industrial average had been up almost as five points but lost momentum in the late afternoon and closed off 0.77 points to 837.61. Advances still led declines, around 830 to 610, as volume narrowed to 48.10 million shares from 53.03 million Tuesday.

Analysts said a large government debt offering could put renewed upward pressure on interest rates, but added that they were impressed with Tuesday's broad rally because it was accomplished with no news in the background to spark it.

Meanwhile, Budget Director David Stockman said Congress must approve spending cuts or the federal budget deficit would exceed Reagan administration estimates of a \$43.1 billion deficit in fiscal 1982.

David M. Jones, vice president of Aubrey G. Lanston & Co., said the deficit would be \$80 billion even if Congress enacts President Reagan's second round of budget tightening measures. Alice Rivlin of the Congressional Budget Office Tuesday predicted a \$65 billion deficit in fiscal 1982.

He also said that assuming no further spending or tax measures "it seems likely that the federal government will pile up additional deficits of about \$75 billion in fiscal 1983 and \$55 billion in fiscal 1984."

Leon Taub, an economist with Chase Econometrics, told the panel that the United States faces a strong likelihood of enormous federal deficits in fiscal years 1982-84 unless changes are made in current tax and spending laws. He said the cumulative three-year deficit under current law could be "well over \$400 billion" because of the recently enacted tax cuts, with a fiscal 1982 budget deficit of \$118 billion.

As the stock market closed, Ford announced in Dearborn, Mich., that it lost \$334.5 million in its third quarter, down from \$595.0 million in the 1980 period.

In other company news, RCA said production of videodisc players at its Bloomington, Ind., plant has been reduced, resulting in the planned layoff of about 300 workers Nov. 6. In addition, RCA said schedule variations will result in layoff of about 100 employees in color television chassis manufacturing at the plant.

RCA said that production had progressed to the point that distributor and factory inventory pipelines have been filled in line with anticipated fourth quarter retail sales. RCA said more than 100,000 videodisc players sold to distributors.

CSR said in New York that it has extended its offer of \$78 a share for all Delhi International Oil shares to Nov. 4 from Oct. 27 and that it now controls 92 percent of those shares.

In Minneapolis, Eastman Kodak said it is testing a new copier duplicator that has a combination of superior machine speed and features unavailable in the marketplace today.

Japan's Trade Surplus Sets Monthly Record

Reuters

TOKYO — Japan set a monthly record trade surplus in September of \$3.26 billion, pushing the total for the fiscal year to date to \$12.2 billion. Finance Ministry sources said Wednesday that the surplus may reach an annual record \$23 billion.

Ministry officials said the September current-account surplus of \$2.12 billion was the highest for any month, surpassing the previous high of \$2.4 billion in March, 1978. The current account includes merchandise trade as well as so-called invisibles such as spending on tourism and freight and insurance charges.

The overall balance of payments surplus widened sharply to \$1.55 billion in September from \$601 million in August, thus helping to narrow the fiscal first-half deficit to \$3.2 billion from a deficit of \$3.48 billion in 1980, the ministry said.

A senior Ministry of International Trade and Industry official, meanwhile, said it is not realistically possible in the long-term for the huge trade surplus with the United States to continue rising because of future foreign exchange adjustments and other impacts on Japan's trade.

Doubts on Short Term

While Japan would continue to try to increase imports, Kazuo Wakasugi, the director of the MITI's policy bureau, said he doubted Japan will be able to come up with anything new in the short-term to counter its huge trade surplus with both the United States and European Economic Community.

But he added, while Japan understands the problem there must be a spirit of reciprocity and some countries may have gone too far in their criticism.

Mr. Wakasugi's comments followed a statement that leading Japanese businessmen will urge the government to liberalize imports to mute the European criticism of Japan's booming trade surplus.

A spokesman for the influential federation of Japanese business, Keidanren, said the group will call for removal of non-tariff barriers, reduced import tariffs and a general opening of the Japanese market to foreign goods in a report to Premier Zenko Suzuki on Thursday.

However, the spokesman added that some of the business leaders, who have just returned from a two-week tour of the EEC, believe it would be difficult for Japanese in-

dustries to comply immediately with EEC requests for voluntary restraints on exports.

Mr. Wakasugi also said Japan's (Continued on Page 15, Col. 6)

Trade Deficit Halved in U.S.

From Agency Dispatches

WASHINGTON — A sharp drop in imports slashed the U.S. merchandise trade deficit to \$2.6 billion in September from \$5.6 billion in August, the Commerce Department reported Wednesday. In September, 1980, the deficit was \$2.01 billion.

The department's economists attributed most of the change to advanced buying of imports which took place on a large scale in August when the dollar was at its strongest relative to other currencies.

Since importers expected the dollar to fall, officials said, they speeded up their buying in August, thereby artificially increasing the August figure.

Analysts said a weakening U.S. economy also contributed to the slowing of imports, which declined 9.9 percent in September to a monthly level of \$22.3 billion, seasonally adjusted. Exports rose 3.2 percent to \$19.65 billion.

The drop in imports was largely due to a 12.7 percent decline in imports of manufactured goods to \$12.48 billion. The value of auto imports fell \$532 million to \$1.38 billion. Iron and steel imports and imports of telecommunications equipment both fell about \$100 million.

Most of the gain in exports was due to a 12.2 percent rise in sales of agricultural commodities. Exports of manufactured goods were almost unchanged.

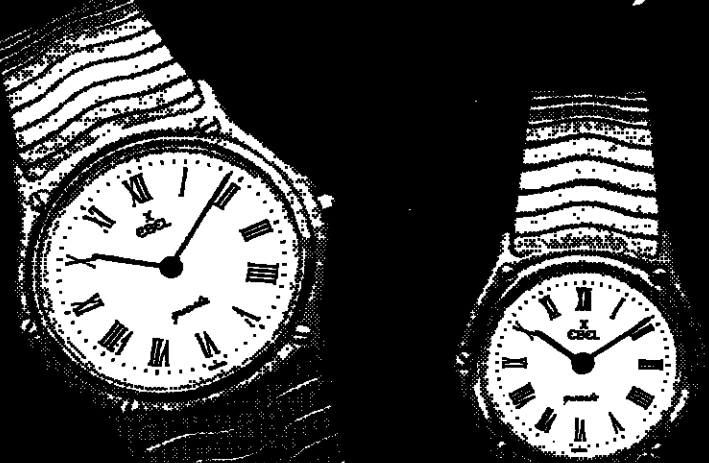
The U.S. trade deficit with Japan fell to \$1.36 billion from \$2.77 billion in August. The trade surplus with Western Europe climbed to \$1.45 billion from \$1.15 billion.

The U.S. trade deficit for the first nine months of 1981 was \$28.72 billion, down from \$29.26 billion in the 1980 period.

Meanwhile, Trade Representative Bill Brock told a House committee that he expects the United States to have a current account deficit this year, if not during the calendar year, then in the government's fiscal year ending Sept. 30.

The United States had a current account surplus of \$3.7 billion last year and in the first six months experienced a \$4-billion surplus.

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Amsterdam	2.2465	4.609	110.25	43.975	0.2084	6.456	73.65	34.39
Brussels (a)	26.27	49.48	144.68	4.44	3.143	15.766	36.265	5.88
Frankfurt	2.297	4.726	—	39.87	1.2614	92.35	121.26	31.89
London (b)	1.8225	—	—	4.779	10.407	22.777	4.006	69.425
Paris	1.218.68	22.140	59.92	21.23	—	89.37	21.284	641.38
New York	—	1.8275	0.457	0.1789	0.0062	0.0062	0.016	0.336
Porto	5.7485	10.971	25.171	—	—	15.057	30.426	70.18
Zurich	1.964	3.417	82.825	32.995	0.1545	75.87	—	25.745
ECU	1.887	9.95	2.461	4.121	1.2943	2.477	42.784	7.891

	\$	DM	FF	Yen	Sw.	£	S.F.	D.M.
Bombay	1.122	—	—	—	—	—	—	—
Calcutta	0.882	—	—	—	—	—	—	—
Delhi	0.8235	—	—	—	—	—	—	—
Guwahati	0.828	—	—	—	—	—	—	—
Hyderabad	0.1335	—	—	—	—	—	—	—
Kolkata	0.8222	—	—	—	—	—	—	—
Madras	0.8177	—	—	—	—	—	—	—
Mumbai	0.1701	—	—	—	—	—	—	—
Patna	1.554	—	—	—	—	—	—	—

(a) Commercial bank. (b) Amounts needed to buy one pound. (*) Units of 100. (**) Units of 1,000.

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[illegible]

(Continued on Page 16)

d—New Yearly low, u—New Yearly high.

0—Also extra or extras. b—Annual rate plus stock dividends. c—Liquidating dividend. d—Declared or paid in preceding 12 months. i—Declared or paid after stock dividend or split-up. k—Paid this year, dividend omitted, deferred or no action taken at last dividend meeting. l—Declared or paid this year, on an alternative issue with dividends in arrears. n—New issue. o—Declared or paid in preceding 12 months plus stock dividend. p—Paid in stock in preceding 12 months, estimated cash value. s—Dividend or ex-dividend date.

old-Called, wd-When distributed, wi-When issued, ww-
With warrants, wv-Without warrants, xdis-Ex-distribution.

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مکتبہ اسلامیہ

ITT Loses \$34.8 Million

NEW YORK — International Telephone & Telegraph reported Tuesday that foreign-exchange fluctuations caused it to lose nearly \$35 million in the third quarter, the biggest adverse impact from such translation in the company's history. Revenues, excluding insurance and finance operations, dropped 9.3 percent.

ITT, the leading manufacturer of telecommunications equipment outside of the United States, said that it had a deficit of \$34.8 million in the three months ended Sept. 30, or \$1.35 a share. In the third quarter of 1980, ITT had a profit of \$197.9 million, or \$1.35 a share.

Revenues excluding insurance and finance operations, fell to \$3.9 billion, from \$4.3 billion. Insurance and finance revenues, ITT said, rose 15.4 percent, to \$1.5 billion, in the latest quarter, from \$1.3 billion in the year-ago period.

ITT said that in the latest three months the recording of foreign-currency exchange as required by the Financial Accounting Standards Board reduced earnings by \$1.41 a share. This contrasts with a gain of 21 cents a share in the third quarter of 1980 from such exchange translations.

In 1980, ITT's operations in the United States accounted for 39 percent of consolidated sales and 48 percent of net income. Western Europe accounted for about 53 percent of sales.

Analysts said that since ITT derives such a large portion of its business from overseas, net margins will continue to be penalized in the fourth quarter by the continued strengthening of the dollar abroad. They said, however, that they expected operating earnings to improve for the entire year with gains in the telecommunications and electronics and consumer products groups more than offsetting lower profits from the engineering products and natural resources groups.

"On an operational basis, we continue to project that the second half and full year will produce higher operating earnings than those in 1980, exclusive of the gain of 62 cents a share in 1980 on the sales of British Columbia timber facilities and an extraordinary loss of 13 cents a share in 1981 on the settlement of the Hartford tax litigation," said Rand Araskog, ITT's chairman.

In May 1981, ITT settled all pending federal income tax matters arising from the 1970 acquisition of Hartford Fire, resulting in an extraordinary charge of \$17.8 million, taken in the first quarter.

In the latest three months ITT's operating earnings, excluding the impact of foreign-currency exchange, increased 2 percent on a per share basis, to \$165.6 million, or \$1.16 a share, from \$166.6 million, or \$1.14 a share, a year ago.

In U.S., Huge Private Debt Becomes Threat

By Leonard Silk
New York Times Service

NEW YORK — While political and public attention has been focused on the growing U.S. public debt, which has already hit \$1 trillion and could spurt another 30 percent before the 1984 presidential election, the more alarming threat to the stability of the economy appears to be a mountain of private debt.

A study prepared by the Bank of New York's industrial economist Paul Wexler shows that, with swollen debts, shrunken profits (after allowing for inflation) and reduced reliance on internally generated funds, most industries have undergone a serious deterioration in their liquidity.

Within the manufacturing sector, the study shows, liquidity positions of corporations have fallen to their lowest levels in two decades. For instance, in the early 1960's, according to the Wexler data, the auto industry had a cash ratio — that is, cash and short-term investments as a percentage of current

liabilities — of 98 percent. That ratio has now fallen to 15 percent.

The tire and rubber industry in the early 1960's had a cash ratio of 43 percent; it has now dropped to 9 percent. The steel industry's cash ratio, 112 percent two decades ago, has fallen to 19 percent.

The chemical industry, over the same period, has allowed its cash ratio to drop from 81 to 14 percent; nonferrous metals, from 97 to 21 percent; paper, from 85 to 25 percent; textiles, from 41 to 12 percent; nonelectrical machinery, from 73 to 13 percent, and electrical machinery, from 77 to 14 percent.

Other measures of corporations' short-term liquidity and of their ratios of long-term debt to equity, internal funds to capital expenditures and interest coverage show similar deterioration.

The 1980 recession, quickly followed by the recession of 1981 but with high interest rates persisting, gravely aggravated the liquidity strains of many firms. The bank's study covered only large corporations, but some of

the most acute dangers are found in small companies, such as those in housing.

While all the financial positions of all the industries studied by the bank have deteriorated, Mr. Wexler said in an interview, the lowest levels of liquidity are those in autos, steel and textiles, followed by a second tier that includes chemicals, paper and rubber — old-line industries that have suffered inroads from the heavy competition from abroad.

The deterioration in manufacturing liquidity is due in large measure to the continuing gap between cash flow and capital expenditures. Many corporations have tried to cover the gap by borrowing short-term, with the bond market nearly dead and bank credit squeezed by the Federal Reserve.

A deep and long-lived slump could jeopardize the existence of many of these companies. This is why the most crucial question facing the Reagan administration is how to keep this recession moderate and turn it around before it cracks open highly illiquid sectors of American industry.

Japan Has Record Trade Surplus

(Continued from Page 13)

position on proposed talks with the United States and the EEC was still unsettled because of conflicts over timing between MITI and the Foreign Ministry.

He said MITI hopes they can take place as soon as possible while a Foreign Ministry spokesman said his ministry had two conditions for Japanese participation: a clearly fixed agenda and avoiding the impression that the three sides were ganging up against non-participants.

Meanwhile, the Japan Automobile Manufacturers Association said vehicle exports rose 16.2 percent to 483,100 in September from August but were 6.4 percent below a year earlier. Exports to the United States in September were up 3.5 percent from a year ago, while those to the EEC fell 31.6 percent.

Despite voluntary curbs on car shipments to the United States and some EEC countries, cumulative exports in the first nine months of 1981 rose 4 percent to 4.63 million from the 1980 period.

September exports were worth \$2.54 billion, up 21.5 percent from August and up 5.4 percent from a year earlier.

Powering Exports

Finance Ministry officials said the previous high trade surplus of \$3.1 billion was set in March, 1978. September's surplus was paced by exports of electrical equipment, including video cassette recorders, and textiles, although shipments of steel and vehicles slowed, they said.

In August, the trade surplus was \$1.74 billion and the figure in September 1980 was \$1.8 billion. Meanwhile, the deficit on non-merchandise trade narrowed to \$1.06 billion from \$1.28 billion in August and compared with an \$874-million deficit a year earlier.

Japan originally had projected a \$7.98-billion visible trade surplus for fiscal 1981, which ends next March 31, far below the previous record of \$20.53 billion recorded in fiscal 1978. In fiscal 1980, the country had a \$6.77 billion visible

trade surplus with a \$959-million surplus in the first half.

The invisible deficit widened to \$6.76 billion in the 1981 first half from \$5.81 billion a year earlier.

Investments Rise

In the fiscal first half, FOB exports rose 18.9 percent to \$75.48 billion from a year earlier, while FOB imports were up 1.2 percent to \$63.28 billion. September FOB exports rose 14.9 percent from a year earlier while FOB imports were down 2.4 percent.

South Korea Sets Goal For Auto Sales Abroad

Reuters

SEOUL — South Korea plans to increase its annual vehicle exports to \$5,000 by 1986, more than three times the 1980 exports of 25,252, commerce and industry ministry officials say.

The officials said the country plans to export 63,000 cars and 22,000 buses and trucks by 1986. South Korea, which sold 19,700 cars abroad in the first nine months of this year, hopes to reach 28,000 by the end of the year.

The government on Oct. 2 revised its fiscal 1981 current-account target to a \$7-billion surplus from a \$6-billion deficit. The fiscal 1980 current account showed a deficit of \$7.01 billion.

September's payments surplus was aided by an inflow of \$1.48 billion of net investments by non-residents in Japanese securities, mainly invested in bonds. Net sales of shares by foreign investors in September totalled \$544 million, up from \$285 million in August, following a sharp fall in share prices on the Japanese stock market.

Japan's fiscal 1980 overall balance of payments produced a \$380-million deficit against the record \$18.54-billion shortfall a year earlier. The government has made no fiscal 1981 overall payments projection.

In August, the country's current account had a surplus of \$393 million. The first-half surplus was \$4.84 billion compared with a \$5.54-billion deficit a year ago.

In September, 1980, Japan had a \$946-million overall balance of payments surplus and a \$853-million current-account surplus.

COMPANY REPORTS

Revenue, Profits in Millions, in local currencies, unless otherwise indicated

Canada				Cities Service				Southern Railway			
3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	275.4	234.3	211.0	Revenue	211.0	1,670	1,470	Revenue	464.3	394.1	341.1
Profits	7.19	7.07	7.74	Profits	77.4	92.6	92.6	Profits	48.34	36.22	36.22
Per Share	0.50	0.50	0.54	Per Share	0.94	1.11	1.11	Per Share	3.08	2.31	2.31
9 months	1981	1980	1979	9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	871.8	714.6	629.3	Revenue	255.8	2,720	2,720	Revenue	1,340	1,210	1,210
Profits	35.6	32.3	32.3	Profits	272	369.7	369.7	Profits	159.98	136.79	136.79
Per Share	4.58	4.58	4.58	Per Share	4.44	4.44	4.44	Per Share	10.23	8.76	8.76
MacMillan Bloedel				Cummins Engine				Times Mirror			
3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	363.3	363.3	363.3	Revenue	22.59	22.59	22.59	Revenue	539.4	492.9	492.9
Profits	25.3	25.3	25.3	Profits	2.52	2.52	2.52	Profits	36.7	36.7	36.7
Per Share	1.97	1.97	1.97	Per Share	1.12	1.12	1.12	Per Share	1.25	1.25	1.25
9 months	1981	1980	1979	9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	1,090	1,090	1,090	Revenue	99.08	1,120	1,120	Revenue	1,590	1,590	1,590
Profits	105.149	105.149	105.149	Profits	11.20	2.68	2.68	Profits	100.3	96.9	96.9
Per Share	—	—	—	Per Share	—	—	—	Per Share	2.94	2.84	2.84
Japan				Dart & Kraft				Timken			
1st Half	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	870,210	763,320	763,320	Revenue	2,570	2,570	2,570	Revenue	344.3	292.5	292.5
Profits	21,869	22,028	22,028	Profits	80.5	80.5	80.5	Profits	26.17	11.3	11.3
Per Share	9.22	10.46	10.46	Per Share	1.48	1.54	1.54	Per Share	2.16	0.99	0.99
Unconsolidated results				9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	1,690	1,690	1,690	Revenue	7,280	6,960	6,960	Revenue	1,101	1,010	1,010
Profits	107.5	107.5	107.5	Profits	23.1	28.9	28.9	Profits	75.98	72.11	72.11
Per Share	—	—	—	Per Share	5.27	5.24	5.24	Per Share	4.77	4.43	4.43
United States				Mobil				Uniroyal			
4th Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	2,660	2,220	2,220	Revenue	16,840	15,660	15,660	Revenue	533.8	529.9	529.9
Profits	49.3	35.3	35.3	Profits	506.0	721.0	721.0	Profits	8.4	1.4	1.4
Per Share	1.45	1.12	1.12	Per Share	1.19	1.70	1.70	Per Share	0.27	0.05	0.05
9 months	1981	1980	1979	9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	9,500	8,400	8,400	Revenue	50,550	46,340	46,340	Revenue	1,981	1,981	1,981
Profits	90.8	205.0	205.0	Profits	1,890	2,710	2,710	Profits	1,706	1,706	1,706
Per Share	2.22	6.80	6.80	Per Share	4.34	5.31	5.31	Per Share	38.7	38.7	38.7
Bethlehem Steel				N.I. Industries				U.S. Gypsum			
3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	1,850	1,480	1,480	Revenue	715.1	517.9	517.9	Revenue	379.2	368.1	368.1
Profits	1.480	1.480	1.480	Profits	1.27	0.63	0.63	Profits	14.9	21.4	21.4
Per Share	1.75	1.75	1.75	Per Share	1.981	1.981	1.981	Per Share	0.85	1.30	1.30
9 months	1981	1980	1979	9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	5,660	5,050	5,050	Revenue	2,010	1,530	1,530	Revenue	1,141	1,090	1,090
Profits	179.8	65.2	65.2	Profits	2.27	1.75	1.75	Profits	52.6	49.1	49.1
Per Share	4.12	1.49	1.49	Per Share	—	—	—	Per Share	3.19	4.23	4.23
Boeing				Southland				Warner-Lambert			
3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979	3rd Qu.	1981	1980	1979
Revenue	2,220	2,220	2,220	Revenue	1,520	1,300	1,300	Revenue	826.6	890.0	890.0
Profits	92.50	139.80	139.80	Profits	31.3	26.6	26.6	Profits	25.62	35.15	35.15
Per Share	0.96	1.45	1.45	Per Share	1.35	1.13	1.13	Per Share	0.92	1.44	1.44
9 months	1981	1980	1979	9 months	1981	1980	1979	9 months	1981	1980	1979
Revenue	7,410	6,770	6,770	Revenue	4,210	3,520	3,520	Revenue	2,560	2,560	2,560
Profits	377.0	404.80	404.80	Profits	71.2	56.5	56.5	Profits	150.98	150.98	150.98
Per Share	3.91	4.51	4.51	Per Share	2.39	2.39	2.39	Per Share	1.89	1.89	1.89

North Sea Strike To Last a Week

OSLO — A strike by 800 oil and gas workers on Norway's Ekofisk and Frigg fields, said by government officials to be costing 150 million kroner (about \$25 million) in output a day, is likely to last at least a week, a government spokesman said Wednesday.

A labor court official gave next Monday as the day it was expected to consider moves by Phillips Petroleum and Elf Aquitaine, respectively operators at Ekofisk and Frigg, to have the strike declared illegal and in violation of labor contracts.

He said an announcement of the findings could not be expected until Thursday or Friday. Some 500 production workers struck Tuesday on the 22 installations of the Ekofisk field, bringing oil deliveries to Teesside, northern England and Emden, West Germany, to a standstill.

A few hours later 300 gas production workers on the Frigg field, further north, joined the Ekofisk workers in support of a pay claim.

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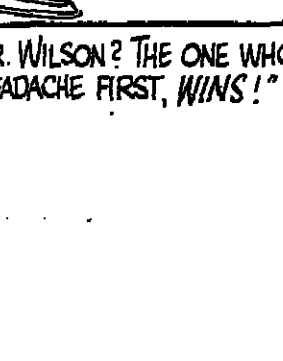
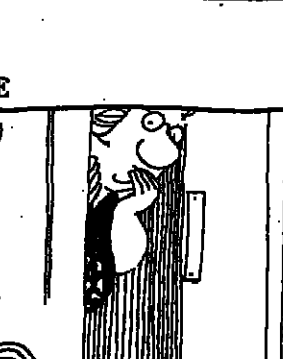
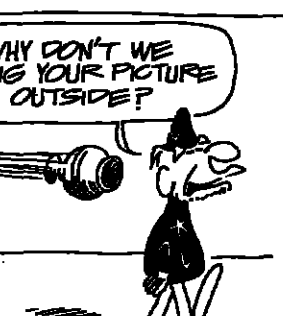
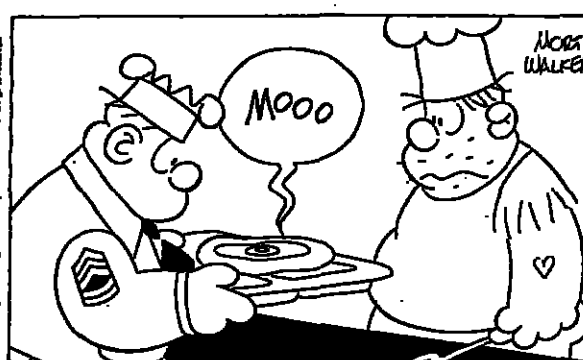
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Bertha Benkarad Rose, a collector of Americana and a gardener, is a former director of the Winterthur Museum. She wrote this review for *The Washington Post's Book World*.

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AMSTERDAM	8	46	4	38	Showers	MEXICO CITY	20	73	13	55	Cloudy	
ANTWERP	24	75	2	36	Fair	MIAMI	28	86	24	75	Cloudy	
ATHENS	24	75	48	48	Cloudy	MILAN	24	76	24	76	Fair	
AUCKLAND	19	64	13	55	Cloudy	MONTREAL	10	50	4	39	Cloudy	
BAGDAD	18	51	28	73	Cloudy	MOSCOW	8	46	2	26	Overcast	
BERKUT	14	57	9	48	Fair	MURMANSK	10	50	4	39	Cloudy	
BERLIN	14	57	9	48	Overcast	NAIROBI	27	77	13	74	Cloudy	
BIRMINGHAM	14	57	9	48	Overcast	NASSAU	23	70	18	64	Fair	
BOSTON	14	57	9	48	Overcast	NEW DELHI	23	70	18	64	Fair	
BRUSSELS	8	46	4	38	Cloudy	NEW YORK	19	64	13	55	Cloudy	
BUDAPEST	12	54	11	45	Cloudy	NICHA	8	46	2	26	Overcast	
BUEENOS AIRES	18	64	13	55	Cloudy	PARIS	15	59	8	46	Fair	
BURBANK	18	64	13	55	Cloudy	PRAGUE	12	54	7	45	Fair	
CASABLANCA	20	68	12	56	Cloudy	RAJAHMUNDRAM	6	42	3	34	Cloudy	
CHICAGO	19	64	4	39	Fair	RENO	15	59	8	46	Fair	
CHONG KONG	22	72	18	64	Cloudy	ROME	15	59	7	45	Fair	
COSTA DEL MAR	22	72	18	64	Cloudy	SARASOTA	20	73	15	59	Fair	
DAMASCUS	31	88	19	58	Sol	SEATTLE	20	73	15	59	Fair	
DAR ES SALAAM	22	72	18	64	Cloudy	SHANGHAI	13	55	9	48	Foggy	
EDINBURGH	10	50	4	39	Cloudy	SEOUL	16	61	11	52	Cloudy	
FLORENCE	12	54	11	45	Cloudy	SINGAPORE	28	86	24	75	Cloudy	
FOUNTAINBLEAU	12	54	11	45	Cloudy	STOCKHOLM	5	41	3	39	Foggy	
GENEVA	8	46	4	38	Cloudy	SYDNEY	28	82	21	70	Cloudy	
HELSINKI	8	46	4	38	Foggy	TAIPEI	23	70	18	64	Fair	
HONG KONG	22	72	18	64	Cloudy	TEHLAVI	27	83	18	64	Foggy	
HOUSTON	24	75	7	45	Fair	TOYOITO	24	76	14	52	54	Cloudy
ISTANBUL	24	75	19	59	Cloudy	TRIPOLI	24	76	14	52	54	Cloudy
JACKSONVILLE	24	75	19	59	Cloudy	VENICE	9	48	5	45	Foggy	
LAS PALMAS	25	77	20	68	Cloudy	VIENNA	9	48	5	45	Overcast	
LIMA	21	70	15	59	Cloudy	WASHINGTON	13	55	7	45	Cloudy	
LONDON	20	68	12	56	Cloudy	WASHINGTON	20	73	15	59	Cloudy	
LONDON	13	55	2	26	Overcast	ZURICH	3	37	2	26	Overcast	
LOS ANGELES	21	70	15	59	Cloudy							

[illegible]

WANTA PLAY ASPIRIN, MR. WILSON? THE ONE WHO
GIVES THE OTHER GUY A HEARTACHE FIRST 11/11/18

rounds, but it did him no good. So
emerged with 11 tricks and a good

Table 1. *Mean (SD) values of the dependent variables for the two groups*

Art Buchwald

The CIA's New Charter

WASHINGTON — I have good news today. The CIA is going to come back in all our lives. If President Reagan's executive order goes through, the agency can once again spy on Americans in this country.

There are a few people in the United States who are nervous about giving the Central Intelligence Agency this kind of power, so I will put their fears to rest by answering some of the questions being raised by the new ground rules.



Q — If you allow the CIA to operate in this country don't you violate our civil liberties?

A — No, the CIA protects them. The more it knows what Americans are up to, the safer we will all be from the Communies.

Q — Will the CIA agents be able to read our mail and tap our telephones?

A — Within reason. But they are only going to read the mail and tap the phones of those people who deserve it. The rest of us have nothing to fear.

Q — The CIA was used as a political instrument by the Nixon people. What's to prevent them being used again to "get" the administration's opponents?

A — The difference is that the men under Nixon lost their moral compass. But the people who work for Ronald Reagan are beyond reproach.

Q — How do we know this?

Luxury Muffler Devised For Snoring Women

CHICAGO — A Los Angeles neurologist has come up with the perfect gift for the woman who snores — a rhinestone-studded mink collar.

Dr. J. Dewitt Fox introduced a contoured collar at the American Surgical Trade Association show. He said he developed the device to treat headaches and neck pains, but later discovered it also prevents snoring.

He said it came in several versions, including the "ultimate collar" with mink and rhinestones to wear to the opera.

A — Because most of them are lawyers.

Q — Doesn't the CIA have enough to do gathering intelligence abroad without bugging Americans?

A — You would think so, but most intelligence organizations know if they can operate in their own country they can justify a much larger budget.

Q — Will the CIA be able to break into your home under the new guidelines?

A — Not legally. But no one is going to make a big deal of it if an agency does so without getting an official okay.

Q — What's the worst that could happen to a CIA person who oversteps his authority?

A — He would be asked to resign and then get a job working for Colonel Qaddafi.

Q — I thought the FBI was in charge of catching spies in the United States. Why is the CIA getting into the act?

A — Because there are a lot of bug jobs FBI agents are no longer permitted to do. Since the CIA is not interested in prosecuting anyone, they can justify almost anything in the name of national security.

Q — What's to prevent the CIA from working with the Mafia or hiring Cuban gangsters to do their dirty work for them?

A — Nothing really. When you're doing a covert job, you want the best people you can get.

Q — Isn't there a chance that the CIA will start off their domestic spying with the best of intentions, but as they get more and more powerful they could turn the country into a police state?

A — It couldn't happen. The CIA is monitored by a Senate watchdog committee, and nobody in the CIA would ever tie to a United States senator.

Q — Will the press be allowed to report on what the CIA is up to in this country?

A — Not if Congress passes its new Official Secrets Act. You can't have a first-class domestic intelligence operation if the media are going to write about it.

Q — Then who protects us from our own secret service?

A — That's like asking who protects Soviet citizens from the KGB?

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Mario Vargas Llosa

Peruvian Novelist Explores Roots Of Fanaticism, 'Utopian' Violence

By Juan de Onis

LIMA — A new novel by Mario Vargas Llosa, "The War of the End of the World," is at once the same time and a major literary work, an adventure story, a historical drama, and an inquiry into ideological fanaticism and "utopian" violence in Latin America.

"The novel takes place in Brazil in the last century when the lack of communication between two ideologies, two fanaticisms, led to the massacre of Canudos in the backlands of Bahia," he said. "This theme fascinated me because it is an experience that every Latin American country shares."

Some of the characters are inspired by historical figures, particularly Antonio Conselheiro, a religious fanatic who was the spiritual leader of the community at Canudos that resisted the republican forces of "progress" that overthrew the Brazilian monarchy.

Other characters in what Vargas Llosa calls his "most ambitious" novel are symbols of what appear to be recurrent ideological tendencies in the Latin American scene.

Utopia in America

"There is a broad current of thought, going back to the Counter-Reformation, that the Garden of Eden, the utopian dream, was somehow situated in the new world of America," said Vargas Llosa.

"In modern times, in the political field, this has had fatal results. European utopians who live in countries where their revolutionary dreams are frustrated project their utopias toward Latin America. Didn't Rigoberto Delgado come here to write a manual teaching us how to carry out revolution quickly and with few people? This game by a student of the Ecole Normale contributed to the death of many young Latin Americans, who are still dying without looking at reality," he said.

One of the characters in "The War of the End of the World" is a wandering Scot, an anarchist with an interest in phrenology, who in his confused search for the revolutionary ideal goes to Canudos in the belief that this is an anarchist utopia when it was,



Author Vargas Llosa: The origins of a massacre.

in fact, a Vendée, a last-ditch resistance to change in the traditional religious order.

Vargas Llosa is an enemy of dictatorships, and strongly criticized the military that ran Peru from 1968 until elections last year restored constitutional civilian government. But he is also disturbed by terrorism and revolutionary violence that grows out of theories of social redemption.

"Today in Peru we have a democratic government, here are public liberties, political parties function, anyone can say what he wants. . . . And there are groups here that are exploding bombs, kidnapping people, killing. Do you want a better example of ideological madness, of mental schemes that cloud the thinking, not of poor peasants, but of university professors and students," Vargas Llosa said.

The government declared an emergency in five provinces of the department of Ayacucho,

sent in 600 national police, and searched the University of Huanuco, which is believed to be the intellectual center of an extreme leftist Maoist group calling itself "Luminous Path," which advocates "prolonged war" and terrorist action to overthrow the "bourgeois democracy" now in power. More than 200 persons have been arrested since the killing of two policemen by terrorists.

The release of Vargas Llosa's new novel, during a reception given by Seix, Barral, the Spanish publisher, was a literary event, because it was the first time that the Peruvian writer had personally visited one of his creations in his homeland.

"I have lived abroad a lot, and with the dictatorship here most of my earlier work came out first in Spain," said the author of "Conversation in the Cathedral,"

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luxurious 4 bedrooms, 2 bathrooms, 2 living rooms, 2 kitchens, 2 fireplaces, 2 terraces, 2 gardens, 2 pools, 2 tennis courts, 2 swimming pools, 2 golf courses, 2 ski resorts, 2 beaches, 2 mountains, 2 lakes, 2 rivers, 2 forests, 2 parks, 2 gardens, 2 terraces, 2 balconies, 2 porches, 2 patios, 2 driveways, 2 garages, 2 parking spaces, 2 storage areas, 2 laundry rooms, 2 closets, 2 wardrobes, 2 dressers, 2 chests of drawers, 2 beds, 2 sofas, 2 armchairs, 2 tables, 2 chairs, 2 stools, 2 benches, 2 ottomans, 2 poufs, 2 footstools, 2 lamps, 2 chandeliers, 2 sconces, 2 candles, 2 vases, 2 figurines, 2 paintings, 2 sculptures, 2 tapestries, 2 rugs, 2 carpets, 2 curtains, 2 drapes, 2 blinds, 2 shutters, 2 doors, 2 windows, 2 floors, 2 walls, 2 ceilings, 2 roofs, 2 foundations, 2 basements, 2 attics, 2 porches, 2 patios, 2 driveways, 2 garages, 2 parking spaces, 2 storage areas, 2 laundry rooms, 2 closets, 2 wardrobes, 2 dressers, 2 chests of drawers, 2 beds, 2 sofas, 2 armchairs, 2 tables, 2 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